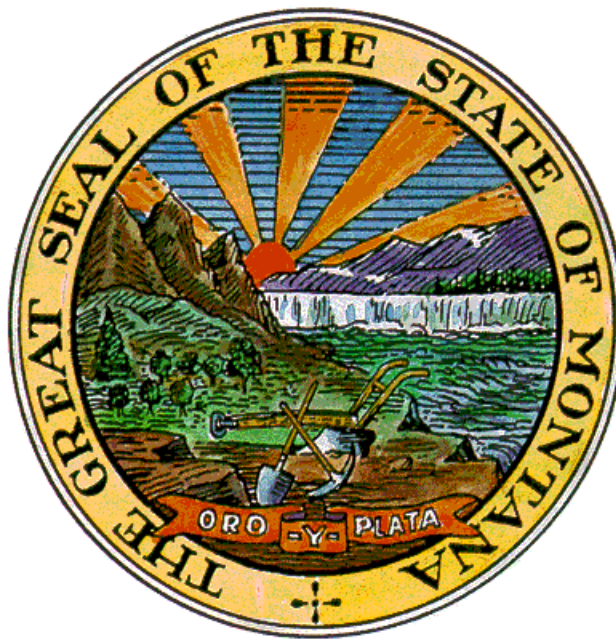


Montana

Comprehensive Annual Financial Report



June 30, 1996

MONTANA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
for the fiscal year ended June 30, 1996

Prepared By:

Department of Administration

Lois Menzies, Director

Accounting and Management Support Division

Connie L. Griffith, CPA, Administrator

Accounting Bureau

Terry L. Atwood, CPA, Bureau Chief

Accounting Principles/Financial Reporting Section

John R. Smith, CPA

Staci Litschauer, CPA, CGFM

D. J. Kimball, CPA, CGFM

Operations Section

Linda Gaughan

Mark Curtis

John E. Barbagello II

Penny C. Killham

STATE OF MONTANA
SELECTED STATE OFFICIALS

EXECUTIVE

Marc Racicot

Governor

Dennis Rehberg

Lieutenant Governor

JUDICIAL

J. A. Turnage

Chief Justice

LEGISLATIVE

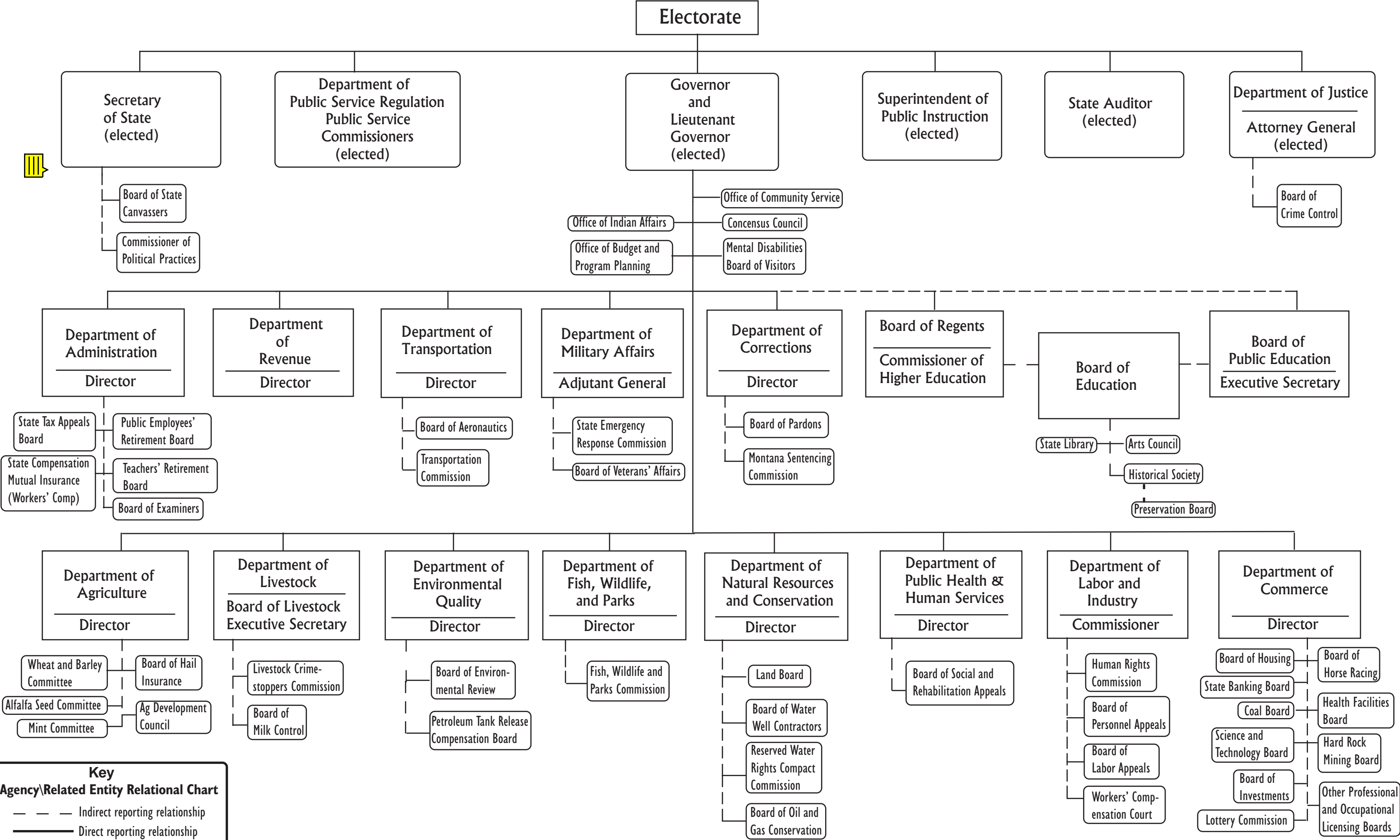
Bob Brown

President of the Senate

John Mercer

Speaker of the House

Montana Executive Branch







**STATE OF MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 1996**



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**STATE OF MONTANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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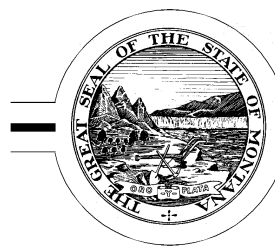
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DEPARTMENT OF ADMINISTRATION

DIRECTOR'S OFFICE



MARC RACICOT, GOVERNOR

MITCHELL BUILDING

STATE OF MONTANA

(406) 444-2032
FAX: 444-2812

PO BOX 200101
HELENA, MONTANA 59620-0101

December 16, 1996

To the Citizens, Governor and Members of the Legislature of the State of Montana:

In accordance with Section 17-2-110, Montana Code Annotated (MCA), I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of Montana for the fiscal year ended June 30, 1996. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation rests with the Department of Administration. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the State of Montana. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

Description of the CAFR

This report and the accompanying financial statements and statistical tables were prepared in accordance with standards set forth by the Governmental Accounting Standards Board (GASB).

This CAFR is divided into three main sections: introductory, financial and statistical. The introductory section includes an organization chart for the State, a table of contents and this transmittal letter. The financial section contains the independent auditor's report, the general purpose financial statements, notes to the financial statements, combining statements by fund type, and other schedules. The statistical section includes financial, economic and demographic data.

This report includes all funds and account groups of those entities that comprise the State of Montana (the primary government) and its component units. The component units are entities that are legally separate from the State but for which the State is financially accountable, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the State is able to impose its will on that organization or (2) there is the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. The following component units are included in the State's financial reporting entity: Housing Authority, Health Facilities Authority, State Compensation Insurance Fund (Old and New), Teachers' Retirement System and the Colleges, Universities and Colleges of Technology. These component units are discretely presented in the State's financial statements.

Economic Condition and Outlook

Although Montana underwent a record economic expansion in the first four years of the 1990's, this is the second year of an anticipated slowdown. Montana's nonfarm labor income average annual growth rate declined to 2.8 percent in 1995, down from 3.7 percent in 1994 and the 4.0 to 5.0 percent growth rates in the early 1990's. Paul Polzin, director of the University of Montana Bureau of Business and Economic Research, projects the growth rate will continue to drop further to 1.5 to 2.0 percent between 1996 and 1998. The reasons for the slowdown include slower growth in "high-tech" and light manufacturing industries; an end to the construction boom; federal government decreases; and slower non-resident travel growth.

Personal income grew 3.4 percent in 1995 but is expected to increase only 1.0 to 2.0 percent per year from 1996 to 1998. Slower growth in transfer payments and dividends, interest, and rents, as well as the overall economic slowdown, has reduced personal income growth. Montana's non-farm wage and salary jobs increased by 10,700 in 1995, a slightly smaller increase than the 12,700 jobs increase experienced in 1994. The job market is expected to increase at a more moderate rate of 7,000 jobs per year in the next few years.

Montana's population continues to increase at a record pace. The 1995 population, estimated to be 870,000, reflects an increase of 70,000 or 8.75 percent since 1990. The 1.75 percent average annual increase in the 1990's compares to the meager 0.2 percent average annual population growth for the state in the 1980's. Montana's population is expected to continue to rise for the next year or two, followed by corresponding downward corrections later in the decade as the state's spurt of economic growth slackens.

Despite the moderating growth rates, the underlying fundamentals of the Montana economy remain strong. Montana's earlier economic growth was primarily due to the 1993 record wheat harvest and the continuing growth in the construction industry sustained by the relative stability in Montana's other natural resource industries including wood and wood product manufacturing, particularly in western Montana, and mineral and oil/gas exploration, extraction and processing, statewide. Service sector industries, particularly related to health care, recreation and tourism and government were a growing source of income in Montana. Polzin continues to assert that the long-term prospects for agriculture appear strong with the expectation that the current low cattle prices will improve as we pass through this phase of the cycle. Most traditional Montana manufacturing industries will continue to have stable or increasing employment and payrolls. Long-run forecasts also indicate an increase in worldwide demand for mineral and related products.

Major Initiatives

For the Current Year

Two major departmental reorganizations occurred which brought about significant organizational changes for natural resources and human service agencies. The reorganization created two new agencies: 1) the Department of Environmental Quality (DEQ) which consolidates functions related to environmental and reclamation issues and regulation that were formerly handled within three agencies and 2) the Department of Public Health and Human Services (DPHHS) which consolidates the operation of the State's public welfare and human services programs along with the operation of its institutions for the disabled and mentally ill. The reorganization eliminated four agencies: the Department of State Lands, the Department of Health and Environmental Sciences (DHES), the Department of Family Services (DFS) and the Department of Social and Rehabilitative Services (SRS). The reorganization changed the mission and scope of two other retained agencies: the Department of Natural Resources and Conservation which absorbed most of the functions of the former Department of State Lands and the former Department of Corrections and Human Services which was renamed the Department of Corrections. The institutions that were part of the Human Services side of the former department were transferred to DPHHS and the new department's focus is on the operation of all correctional facilities and programs including those for juvenile offenders which were formerly included in DFS.

Montana obtained waivers from the federal government to initiate changes to AFDC and Medicaid in order to implement its major welfare reform proposal or Families Achieving Independence in Montana (FAIM). FAIM consists of the Pathways Program, a time-limited benefit program similar to the current AFDC program; community service; a job supplement program; benefit changes including reduced Medicaid benefits for AFDC adults; eligibility criteria changes to the AFDC program; enhance child support enforcement; change in the culture of the welfare office from one of eligibility determination to helping families avoid AFDC or helping them to understand the temporary nature of the program and access service to leave the system as rapidly as possible. A condition of federal approval of the program was that it must be cost neutral to the federal government.

Montana also obtained waivers from the federal government to implement its Mental Health Managed Care initiative. The actual implementation of the initiative will occur in fiscal year 1997. The initiative will establish Medicaid eligibility for mental health benefits for families and persons with incomes at or below 200 percent of the federal poverty level; determine eligibility by income only (no resource limits will be imposed); charge families with higher incomes for services based on a sliding fee scale; and include services to adults and children. In addition, Montana expanded the physical health managed care program entering into a contract with an outside provider to administer HMO and the Passport managed care programs.

The 1995 legislature authorized \$194.9 million of capital projects for the 1997 biennium, resulting in the largest building program ever approved. Projects started in fiscal year 1996 include the renovation of the Capitol. The \$14 million authorized for the project will be used to pay for structural repairs of the deteriorating Capitol including restoration of the sandstone exterior, patching and reroofing the roof, upgrading the electrical system and installing a new heating and cooling system. The legislature also authorized a commission to raise \$6 million in private donations to pay for the cost of historic restoration of the building's interior. The 1995 legislature also authorized \$4.3 million for prison expansion and \$9.0 million to fund construction of Regional Correctional and Law Enforcement Facilities in the state. These last two projects are intended to address the problem of an exploding inmate population that far exceeds the maximum level of the current prison.

The 1995 legislature also provided a net of \$51 million in tax relief to taxpayers through a combination of tax changes and tax rebates. In November 1995, \$21.5 million in income tax rebates were paid to those taxpayers filing an income tax return for the 1994 tax year. These rebates represented the amount of unreserved fund balance in the General Fund and School Equalization Account that exceeded \$24.4 million at the end of fiscal year 1995. In addition, Montana paid \$5.3 million in property tax rebates to certain qualifying homeowners. Another payment will be made in November 1996. Beginning January 1, 1996, the State implemented a plan to reduce personal property tax rates on business equipment and machinery from 9 percent to 6 percent over a three year period and put into effect several statute changes that created additional deductions and exemptions for income taxpayers along with an inflation-adjusted minimum standard deduction. Finally, the legislature established a new oil and natural gas production tax that consolidates the number of tax rates applied to oil and gas production, simplifies the tax return process and accelerates the collection of the Local Government Severance Taxes.

For the Future

Although the 1997 Legislature will deal with a number of issues, the primary focus will be on corrections, information technology issues and property tax reappraisal. The proposed 1998-1999 budget includes a recommended 53 percent increase in spending on the prison system. That growth from \$103 million to \$158 million does not include \$41 million in new construction proposed for the prison system. The increase for corrections represents two-thirds of the \$80 million overall increase in general fund spending proposed in the new budget being prepared for the 1997 Legislature. The increase is needed to handle an inmate population that is expected to explode by 30 percent between the middle of next year and mid-1999. Currently the state prison houses 1,328 inmates in a facility with a designed capacity of 850. The state transferred 250 inmates to a private correctional facility in Texas and an additional 88 inmates are housed in county jails. The absolute maximum number of inmates that can be housed in the prison is 1,344; estimates for 1997 anticipate an inmate population at the State prison of 1,352. In addition, the problem of juvenile crime is getting worse which means the State will need to find ways of handling an influx of under-age offenders. In the past two years, the number of juveniles committing violent crimes has jumped by 41 percent.

The State has proposed a \$55.05 million bonding program to fund major information technology projects including \$16.5 million to reengineer the state's legacy systems into an integrated management information system. The project includes the reengineering and integrating of the state's accounting, financial reporting, fixed asset, purchasing and procurement, budgeting and human resource information systems. The bonding package also includes funding for the reengineering, modernization and integration of the income tax and property tax reporting systems; the development and implementation of an accounts receivable/revenue processing center; a property parcel mapping system; the consolidation of the unemployment insurance and Department of Revenue reporting for income tax withholding, old fund liability tax and unemployment insurance contributions; and a university system technology initiative.

Proposals to help ease the potentially staggering impact of property reappraisal will dominate the upcoming session. Preliminary figures show the value of homes and business property has shot up, on average, 43 percent across the state from January 1, 1992, to January 1, 1996. Options on ways to ease the impact of the huge gain in property values will be developed by the Department of Revenue for consideration by the legislature.

Financial Information

Montana's Statewide Budgeting and Accounting System (SBAS) is a centrally maintained, fully computerized, double-entry accounting system. SBAS records are computer-edited.

Management of the State is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles.

In developing and evaluating the State's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that the above objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary restrictions are imposed via appropriations approved by the legislature or established administratively as provided for by state law. Appropriations are required by state law for the General, Special Revenue, and Capital Projects Funds. The level of budgetary control is generally established by program and fund. SBAS is designed to provide budgetary control by preventing spending in excess of legislative and administrative authority and/or available cash. SBAS also provides for encumbrance accounting as a technique for accomplishing budgetary control.

General Governmental Functions

Revenue sources for general governmental functions, which include the General, Special Revenue, Debt Service, and Capital Projects Funds, increased 3.5 percent from fiscal year 1995 to fiscal year 1996. Revenues from various sources for fiscal year 1996, and the amount and percentage of increases and decreases in relation to prior year revenues, are shown in the following table:

Revenue Source	Amount (in thousands)	1996 Percent of Total	Increase (Decrease) from 1995	Percent Increase (Decrease)
Licenses/Permits	\$ 110,043	5.2%	\$ 3,934	3.7%
Taxes	997,874	47.4	(82,655)	(7.7)
Charges for Services/Fines/Forfeits	66,367	3.1	(3,414)	(4.9)
Investment Earnings	28,594	1.4	(673)	(2.3)
Sale of Documents/Etc.	6,776	0.3	(12,211)	(64.3)
Rentals/Leases/Royalties	220	-	40	22.2
Contributions/Premiums	4,165	0.2	392	10.4
Grants/Contracts/Donations	9,232	0.4	784	9.3
Federal	880,300	41.8	165,671	23.2
Federal Indirect Cost Recoveries	1,685	0.1	(917)	(35.2)
Other Revenues	1,552	0.1	417	36.7
Total Revenues	\$2,106,808	100.0	\$ 71,368	

An explanation of significant changes by revenue source follows:

Licenses/Permits - The increase in revenue was primarily due to 1) a \$2.8 million increase in wildlife hunting permits and licenses and 2) a \$2.3 million increase in vehicle licenses and permits offset by 3) a \$1.2 million decrease in the video gambling license fee as a result of an accounting change in which the portion of gambling fees distributed to local governments are accounted for in an expendable trust fund rather than the state special revenue fund.

Taxes - The decrease in revenues was primarily due to 1) a \$56.5 million decrease in various taxes as a result of an accounting change in which the portion of these taxes that is distributed to local government entities is accounted for in a fiduciary fund rather than the state special revenue fund and 2) a \$48.0 million decrease in payroll tax revenue as a result of accounting for all payroll tax revenue in a proprietary fund rather than the state special revenue fund. These decreases are offset by 1) a \$13.2 million increase in natural gas and diesel fuel taxes; 2) a \$7.2 million increase in individual income taxes; and 2) a \$1.1 million increase in higher education millage taxes.

Charges for Services/Fines/Forfeits - The decrease in revenue was primarily due to a \$3.3 million decrease in fire suppression costs for which the state is reimbursed.

Sale of Documents/Mdse./Property - The decrease in revenue was primarily due to a \$13.9 million dollar decrease that resulted from a change in the method used to record and account for stores inventory by the Montana Department of Transportation offset by an increase in sales of the Montana Code Annotated (MCA); sales of the MCA occur biennially in even years following legislative sessions which occur in odd-numbered years.

Federal - The increase in revenue was primarily due to the implementation of GASB Statement 24 resulting in 1) the recording of \$58.8 million in food stamp receipts not previously recorded and 2) a \$57.5 million increase in federal assistance money received by the Office of Public Instruction previously accounted for as pass-through money in the agency fund.

Total expenditures for all general governmental functions increased 2.7 percent from fiscal year 1995 to fiscal year 1996. Expenditures by function for fiscal year 1996, and the amount and percentage of increases or decreases in relation to the prior year amounts, are shown in the following table:

Expenditure Function	Amount (in thousands)	1996 Percent of Total	Increase (Decrease) from 1995	Percent Increase (Decrease)
General Government	\$ 71,699	3.4%	\$ (68,874)	(49.0)%
Public Safety/Corrections	119,221	5.6	553	.5
Transportation	322,142	15.1	24,434	8.2
Health/Social Services	770,506	36.2	97,176	14.4
Education/Cultural	551,604	25.9	60,060	12.2
Resource Development/Recreation	69,264	3.2	(24,045)	(25.8)
Economic Development/Assistance	106,792	5.0	6,344	6.3
Debt Service	60,960	2.9	(25,431)	(29.4)
Capital Outlay	57,020	2.7	(14,703)	(20.5)
Total Expenditures	\$2,129,208	100.0	\$ 55,514	

An explanation of significant changes by expenditure function follows:

General Government - The expenditure decrease was primarily due to 1) an accounting change in which \$44.2 million in tax distributions to local governments were accounted for in the expendable trust fund rather than the state special revenue fund; 2) a \$21.5 million dollar decrease in benefits and claims expenditures that resulted from the recording of a one-time tax rebate in fiscal year 1995; and 3) a \$2.4 million decrease in legislative operating costs due to legislative sessions being held biennially in odd-numbered years.

Transportation - Expenditure increases were primarily due to the expansion of pavement protection and maintenance programs for state highways along with increased construction activity associated with the receipt of additional federal highway construction funds.

Health/Social Services - The expenditure increase was primarily due to the recording of \$58.8 million in food stamp disbursements as a result of implementing GASB Statement 24.

Education - The expenditure increase was primarily due to 1) accounting for the distribution of \$57.5 million in federal assistance to schools in the federal special revenue fund rather than an agency fund as in prior years as a result of implementing GASB Statement 24 and 2) changes in the cost of operations for the following programs: Commissioner of Higher Education \$2.0 million; School for the Deaf and Blind \$0.6 million; State Library \$0.6 million; and the Montana Arts Council \$(0.3) million.

Resource Development/Recreation - The expenditure decrease was primarily due to a \$23.8 million decrease in fire suppression costs incurred by the Department of Natural Resources and Conservation.

Economic Development/Assistance - The expenditure increase was primarily due to the accounting for an additional \$9.8 million in fiscal year 1995 encumbered expenditures in fiscal year 1996 in the State Auditor's Office and the Community Development Block Grant program at the Department of Commerce.

Debt Service - The expenditure decrease was primarily due to the reduction in overall long-term debt as a result of the early redemption of \$39.7 million of Highway Revenue Bonds in fiscal year 1995.

Capital Outlay - Expenditures decreased because numerous projects appropriated for in the 1993 legislature were completed in fiscal year 1995.

General Fund Balance

The unreserved fund balance of the General Fund increased from \$25.527 million at June 30, 1995, to \$30.145 million at June 30, 1996. This represents an increase of \$4.618 million, or 18.1 percent. This increase is primarily due to unanticipated increases in individual income tax revenues.

Enterprise Operations

The State of Montana provides numerous goods and services to the public on a user charge basis, similar to a private business. Profits from two of these operations, the State Liquor Stores and the State Lottery, are used to fund other services provided by the State. Following is a summary of the operating results of these two entities in fiscal year 1996:

State Liquor Stores - The State regulates the sale, importation, distribution and manufacturing of alcoholic beverages in Montana. A portion of the liquor sales and excise and license taxes collected through this function along with any profits generated through the administration of this regulatory function, including those from the operation of the liquor stores, are transferred to the General Fund. In fiscal year 1996, \$15.073 million was transferred to the General Fund, compared to \$11.348 million in fiscal year 1995.

State Lottery - The Montana State Lottery was created by the electorate through the passage of Referendum 100 during the 1986 general election. Profits generated by this operation are transferred to the general fund and appropriated to the Office of Public Instruction (OPI) for distribution to local school districts and the Board of Crime Control (BCC) for grants to counties for youth detention services. Profits for fiscal year 1996 were \$7.8 million with OPI receiving 90.9 percent and BCC 9.1 percent of the net revenue.

Pension Trust Fund Operations

The State contributes to eight retirement systems and is the administrator of one additional system. The two largest systems in terms of dollars contributed and employees covered are the Public Employees' Retirement System and the Teachers' Retirement System. Montana elected to implement GASB Statement 25 - Financial Reporting for Defined Benefit Pension Plans and note Disclosures for Defined contribution Plans and GASB Statement 27 - Accounting for Pensions by State and Local Governmental Employers early. The implementation of these two statements resulted in the recording of a prior period adjustment \$321.9 million in the pension trust funds and \$242.5 million in the component unit pension trust fund in order to restate beginning fund balance as a result of recording investments at market rather than at cost. The funded actuarial accrued liability ratio for all systems continued to improve with the exception of the Judges' Retirement System. Legislation has been proposed for the upcoming legislative session to take care of the unfunded liability of the Judges' Retirement System.

Debt Administration

Montana receives excellent bond ratings from both Moody's Investors Service (Aa) and Standard & Poor's Corporation (AA-). State debt may be authorized either by a two-thirds vote of the members of each house of the

legislature or by a favorable vote of a majority of the State's electors voting thereon. There is no constitutional limit on the amount of debt that may be incurred by the State. The Montana Constitution does, however, prohibit the incurring of debt to cover deficits caused by appropriations exceeding anticipated revenue. General obligation debt decreased from \$78.00 million at June 30, 1995, to \$69.62 million at June 30, 1996.

The ratio of general obligation debt to assessed valuation and the amount of general obligation debt per capita are:

	<u>Amount</u> <u>(in thousands)</u>	<u>Ratio of</u> <u>Debt to 1995</u> <u>Assessed Value</u>	<u>State Debt</u> <u>Per Capita*</u>
General Obligation Debt	\$69,620	0.18%	\$80.02

* Based on 1995 estimated Montana population.

Cash Management

The uniform investment program established by the 1972 Montana Constitution directs that the Board of Investments has sole authority to invest State funds. The Board operates under the "prudent person principle" which requires the Board to 1) discharge its duties in the same manner as that of a prudent person acting in a like capacity with the same resources and aims; 2) diversify the holdings of each fund to minimize the risk of loss and maximize the rate of return; and 3) discharge duties solely in the interest of and for the benefit of the funds managed. Permissible investments include bonds, notes, debentures, equipment obligations, common stock (pension trust and higher education funds only), commercial paper, bankers' acceptances, interest bearing deposits in Montana financial institutions, real estate and any other investment in a Montana business that continues existing jobs or creates new jobs. These investments are subject to statutory restrictions for quality and size of holdings.

Unless otherwise provided by law, treasury cash is pooled for investment regardless of the fund from which it is deposited and the pool's investment earnings are credited to the General Fund. The Board reported total investment income from investments under its management of \$355.7 million, an increase of 18.5 percent from the \$300.1 million earned last year. The book value of Board-managed investments dropped \$2 million or less than 1.0 percent to \$4.75 billion at fiscal year-end 1996. The Board publishes an annual audited report of all its investment activity. That report can be referenced for more in-depth investment information.

In order to provide cash to support expenditures from the General Fund, pending the receipt of taxes and revenues, the Board of Examiners, upon the recommendation of the Department of Administration, issued \$59.5 million in Tax and Revenue Anticipation Notes in October 1996. These notes will be redeemed by the State in June 1997.

Risk Management

The State of Montana provides benefit coverage for injured state employees through participation in the State Compensation Insurance Fund (State Fund). The State Fund is a nonprofit, independent public corporation which is managed and controlled by a five-member board of directors. The board members are appointed by the Governor for four-year terms. Funding is primarily derived from the premiums paid by policyholders.

The 1991 Legislature passed legislation authorizing the Board of Investments to issue up to \$220 million in bonds to provide further funding for the State Fund - Old and to utilize the employer payroll tax to redeem the bonds issued. The employer payroll tax, which provides funding for bond payments, has been increased and extended to employees and the self-employed. On July 15, 1991, \$142.095 million in bonds were issued payable from and secured by the employer payroll tax revenues. The amount outstanding on June 30, 1996, was \$97.885 million.

On October 27, 1993, the Board issued its second series of payroll tax bonds in the principal amount of \$32.5 million, all of which are outstanding as of June 30, 1996.

On July 24, 1995, and March 26, 1996, the State Fund applied \$21,495,949 and \$13,211,766, respectively, of Old Fund Liability Tax (OFLT) collections to defease \$33,955,000 of the Series 1991 Payroll Tax Bonds. On September 24, 1996, the Board of Directors of the State fund declared a dividend payable to the Old fund not to exceed \$109 million from excess surplus funds. On October 3, 1996, the State fund applied \$80,061,243 of the \$109 million dividend plus \$11,322,812 of Debt Service Reserve funds and \$8,000,000 of excess OFLT collections not required to pay claims to defease the remaining portion of the Series 1991 Payroll Tax Bonds.

At June 30, 1996, liabilities for the State Fund - Old exceeded assets by \$355.1 million. The actuarially determined liability for unpaid claims, including those which were incurred but not reported, decreased to \$248.8 million undiscounted. This represents a decrease of \$46.9 million in estimated claims liability from fiscal year 1995. The percentage of this liability belonging to the state as a participant is unknown. For the State Fund - New, assets exceeded liabilities by \$219.8 million at June 30, 1996. This represents an increase of \$150.2 million over fiscal year 1995.

The State maintains self-insurance plans for employee comprehensive medical and dental coverage and state property. Under the State Employee Group Benefits Plan the State assumes all the risk for claims incurred by State employees, elected officials, retirees and their dependents. Premiums are collected through payroll deductions,

deductions through the Public Employees' Retirement System and self-payment. For the period ending June 30, 1996, the plan reported retained earnings of \$24.73 million, an increase of \$0.94 million over June 30, 1995.

The Montana University System Group Benefits Plan provides medical, dental, and vision insurance coverage to employees of the Montana University System and their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured. United of Omaha is the claims administrator for the plan. Managed Care Montana (Blue Cross/Blue Shield of Montana) has a contract for utilization management. The utilization management program consists of hospital pre-authorization, case management and medical necessity review. For the period ending June 30, 1996, the plan reported retained earnings of \$4.22 million, a decrease of \$0.99 million over June 30, 1995.

The State's property insurance plan provides coverage for general liability, automobile liability, automobile physical damage, retail liquor stores inventory and state-administered foreclosure housing units. The State self-insures the \$150,000 deductible per occurrence for most property insurance as well as various deductible amounts for other state property. The state also self-insures against losses of equipment below \$150,000 of value, with state agencies paying the first \$1,000. Commercial property insurance protects over \$1.8 billion of state-owned buildings and contents. The flood and earthquake liability limit is \$100 million per occurrence with a \$1.0 million deductible for earthquakes and a \$0.5 million deductible for floods. Premiums for the plan are collected from all State agencies, including component units. Based on the most recent actuarial report prepared by Tillinghast and issued for the period July 1, 1988 through June 30, 1996, a liability of \$15.0 million, discounted at 14 percent, is recorded in the accompanying financial statements for estimated claims including those incurred but not reported. This represents a decrease of \$4.3 million in estimated claims liability from fiscal year 1995.

Independent Audit

The financial statements contained in Montana's Comprehensive Annual Financial Report were audited in accordance with generally accepted auditing standards by the Legislative Audit Division. The Legislative Auditor is appointed by and reports to the Legislative Audit Committee. The Deputy Legislative Auditor issued an unqualified opinion on the State's financial statements for fiscal year 1996.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Montana for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 1995. This was the ninth consecutive year that the State received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements; we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments

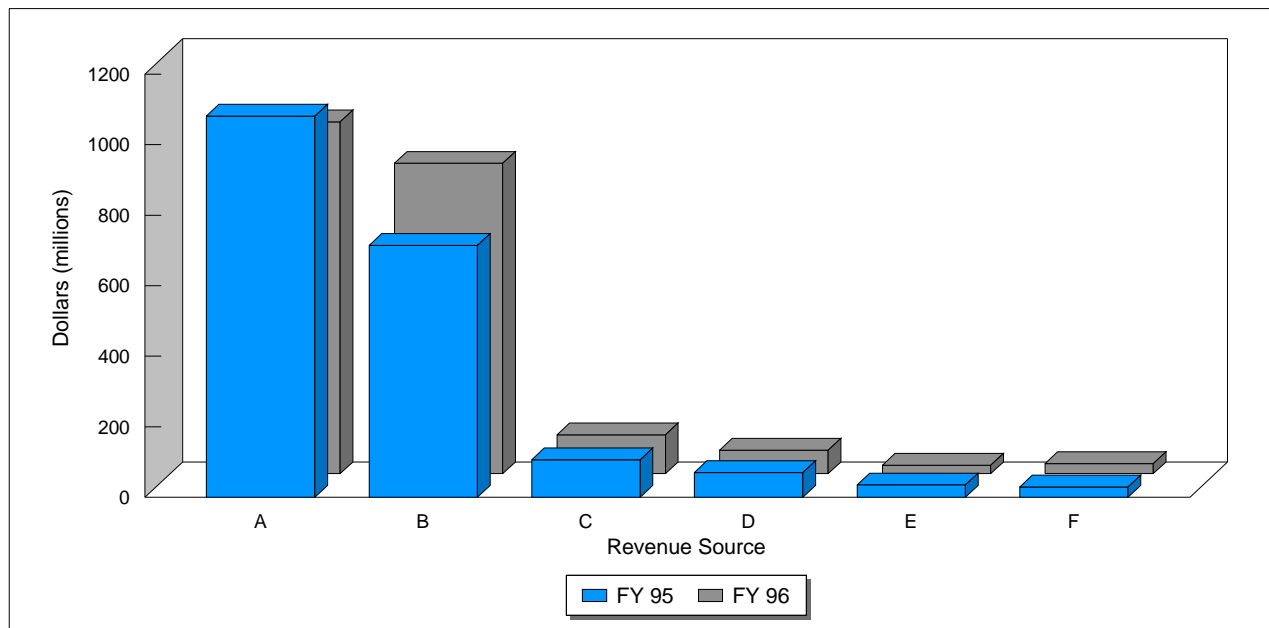
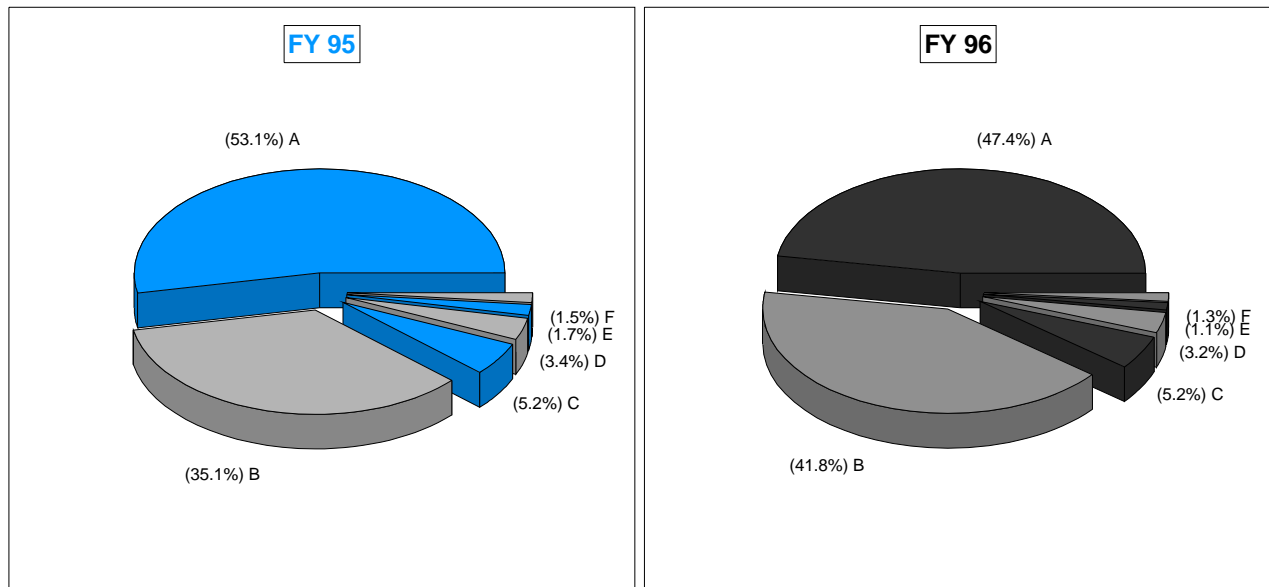
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated service of the entire staff of the Accounting Bureau and the cooperation of accounting personnel at the individual State agencies. I would like to express my appreciation to Accounting Bureau and other agency personnel who participated in the preparation of this document. I would also like to thank the legislature and all State agencies for their interest and support in planning and conducting the financial operations of Montana in a professionally responsible and progressive manner.

Respectfully submitted,

(Signature on File)

Lois Menzies, Director
Department of Administration

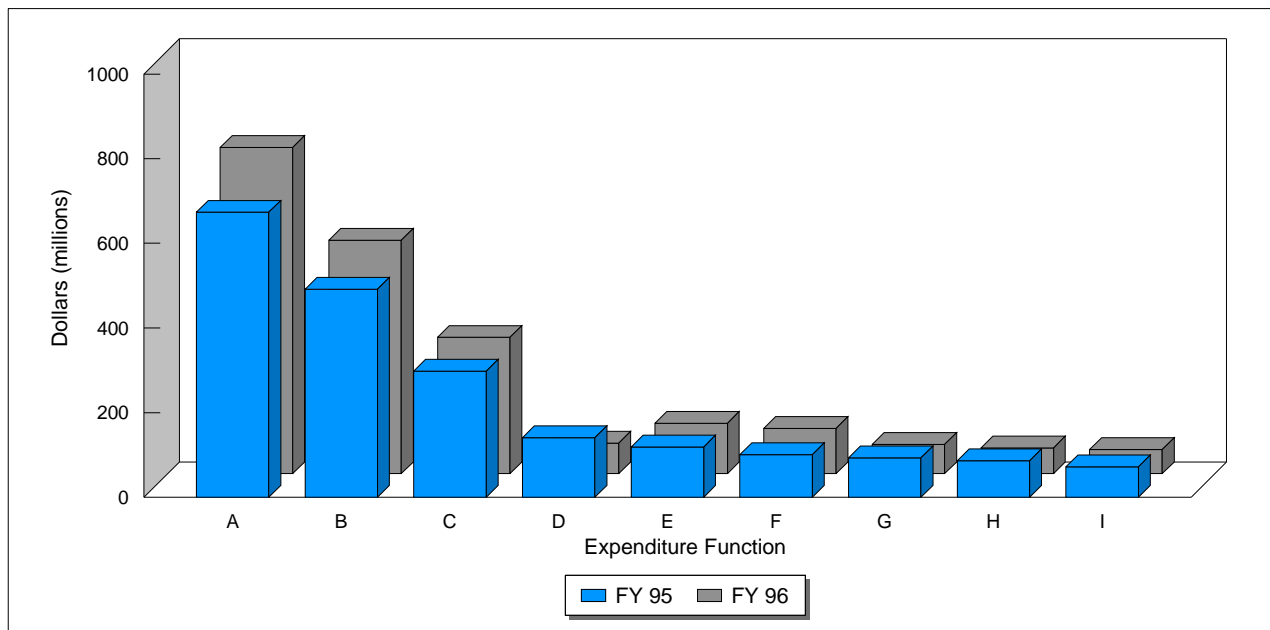
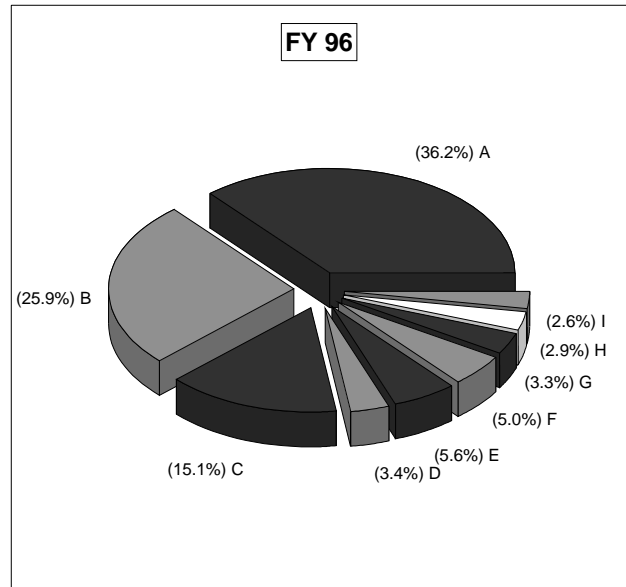
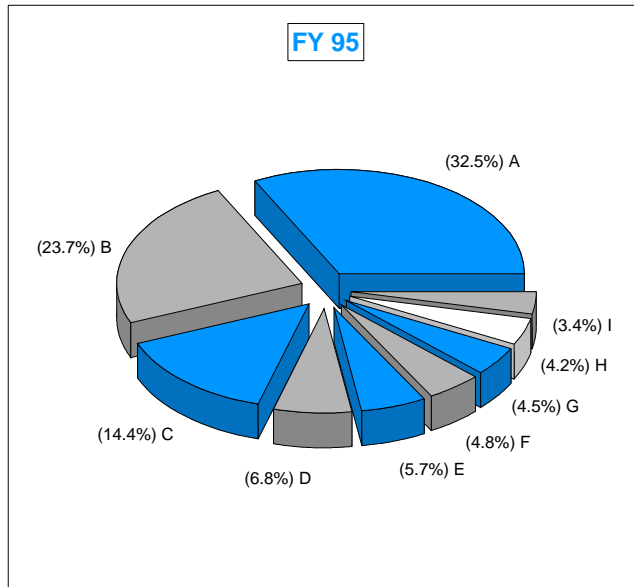
State of Montana Revenues by Source All Governmental Fund Types



Legend:

- | | |
|---|---|
| (A) Taxes | (E) Other Revenues (includes contributions, premiums, rentals, leases, royalties, grants, contracts, donations, federal indirect cost recoveries and sale of documents, merchandise and property) |
| (B) Federal | (F) Investment Earnings |
| (C) Licenses/Permits | |
| (D) Charges for Services/Fines/Forfeits | |

State of Montana Expenditures by Function All Governmental Fund Types



Legend:

(A) Health/Social Services
(B) Educational/Cultural
(C) Transportation

(D) General Government
(E) Public Safety/Corrections
(F) Economic Development/Assistance

(G) Resource Dev/Recreation
(H) Debt Service
(I) Capital Outlay

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Montana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1995

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Arthur R. Lynch
President

Jeffrey L. Esser
Executive Director

Montana

General Purpose Financial Statements

The following financial statements present the financial position of all fund types and account groups and the operating results of all fund types.





MONTANA LEGISLATIVE BRANCH

Legislative Auditor
Scott A. Seacat

Legal Counsel:
John Northey



Deputy Legislative Auditors:
Mary Bryson
Operations and EDP Audit
James Gillett
Financial-Compliance Audit
Jim Pellegrini
Performance Audit

LEGISLATIVE AUDIT DIVISION

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of the state of Montana as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the state of Montana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Montana State Lottery, which statements reflect total assets of 6 percent, liabilities of 8 percent, and net operating revenues and expenditures/transfers-out of 30 and 31 percent, respectively, in the Enterprise Fund. We did not audit the financial activity of the Office of Public Instruction, which activity reflects total expenditures/transfers-out of 53 percent in the General Fund, total revenues/transfers-in and expenditures of 5 and 6 percent, respectively, and residual equity transfers of 60 percent in the Special Revenue Fund, transfers-in of 21 percent in the Internal Service Fund, and other immaterial amounts in the General, Special Revenue and Internal Service Funds. This financial activity was audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montana State Lottery and the Office of Public Instruction, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the state of Montana as of June 30, 1996, and the results of its operations, the cash flows of its proprietary and nonexpendable trust fund types and discretely presented component units, the changes in plan net assets of its pension trust funds and discretely presented component unit, and the changes in fund balance and

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Phone (406) 444-3122 FAX (406) 444-9784

current funds revenues, expenditures, transfers and other changes of the component unit higher education funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we will issue reports dated October 25, 1996 on our consideration of the state of Montana's internal control structure and on its compliance with laws and regulations. Those reports will be included in the state's Single Audit Report.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements/schedules-primary government listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the state of Montana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based upon our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

Respectfully submitted,

(Signature on File)

James H. Gillett, CPA
Deputy Legislative Auditor

October 25, 1996

STATE OF MONTANA
Combined Balance Sheet
All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1996
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS/OTHER DEBITS						
Assets:						
Cash/Cash Equivalents (Note 4)	\$ 146,320	\$ 227,293	\$ 31,468	\$ 19,151	\$ 18,991	\$ 23,885
Receivables (Net of Uncollectibles)	50,084	37,153	3,299	1,075	19,952	823
Interfund Loans Receivable (Note 13)	18,978	33,710	-	-	-	-
Due from Other Governments	16,214	116,037	-	-	-	13
Due from Primary Government (Note 13)	-	-	-	-	-	-
Due from Component Units (Note 13)	404	572	5	-	128	865
Due from Other Funds (Note 13)	49,787	11,881	86	302	281	4,067
Inventories	2,039	47,773	-	-	4,458	966
Equity in Pooled Investments (Note 4)	-	-	-	-	-	-
Long-Term Loans/Notes Receivable	-	29,658	34,967	-	27,524	1,272
Advances to Other Funds (Note 13)	2,530	223	-	-	-	-
Investments (Note 4)	-	15,517	1,576	-	13,769	34,181
Land	-	-	-	-	800	338
Buildings/Improvements	-	-	-	-	5,430	9
Equipment	-	-	-	-	4,127	127,147
Other Fixed Assets	-	-	-	-	1,394	3
Construction in Progress	-	-	-	-	-	353
Accumulated Depreciation	-	-	-	-	(5,998)	(70,994)
Intangible Assets	-	-	-	-	70	30
Deferred Charges	-	-	-	-	1,007	-
Other Assets	4,290	1,297	-	5	6,202	278
Other Debits:						
Amount Available - Debt Service Funds	-	-	-	-	-	-
Resources to be Provided in Future Years	-	-	-	-	-	-
TOTAL ASSETS/OTHER DEBITS	\$ 290,646	\$ 521,114	\$ 71,401	\$ 20,533	\$ 98,135	\$ 123,236
LIABILITIES/EQUITY/OTHER CREDITS						
Liabilities:						
Accounts Payable	\$ 83,629	\$ 109,642	\$ 3,831	\$ 2,430	\$ 6,148	\$ 3,292
Lottery Prizes Payable	-	-	-	-	2,861	-
Interfund Loans Payable (Note 13)	-	46,419	-	5,100	-	100
Advances from Other Funds (Note 13)	-	2,778	-	-	35	-
Due to Other Governments	30,139	4,277	-	-	6	-
Due to Primary Government (Note 13)	-	-	-	-	-	-
Due to Component Units (Note 13)	425	1,061	25	-	12	20
Due to Other Funds (Note 13)	13,847	32,791	2,051	5,338	9,294	1,920
Deferred Revenue	18,783	41,744	852	-	3,302	163
Lease/Installment Purchase Payable (Note 11)	-	-	-	-	10	2,335
Bonds/Notes Payable (Net) (Note 12)	101,200	-	-	-	40,593	-
Property Held in Trust	985	1,459	-	-	4,536	149
Compensated Absences Payable (Note 1)	-	-	-	-	635	2,650
Net Pension Obligation Payable (Note 12)	-	-	-	-	-	-
Estimated Insurance Claims (Note 9)	-	-	-	-	1,640	25,039
Arbitrage Rebate Tax Payable	-	-	-	-	261	-
Other Liabilities	1	9	-	-	-	-
Total Liabilities	249,009	240,180	6,759	12,868	69,333	35,668
Equity/Other Credits:						
Investment in General Fixed/Plant Assets	-	-	-	-	-	-
Contributed Capital (Note 17)	-	-	-	-	4,592	6,578
Retained Earnings:						
Reserved for Debt Service	-	-	-	-	-	-
Unreserved	-	-	-	-	24,210	80,990
Fund Balances:						
Reserved for Encumbrances	6,923	43,229	-	4	-	-
Reserved for Inventories	2,039	24,224	-	-	-	-
Reserved for Advances to Other Funds (Note 13)	2,530	223	-	-	-	-
Reserved for Long-Term Loans	-	28,470	34,967	-	-	-
Reserved for Debt Service	-	-	29,675	-	-	-
Reserved for Trusts/Endowments (Note 15)	-	14,224	-	-	-	-
Reserved for Construction	-	-	-	-	-	-
Reserved for Retirement Systems	-	-	-	-	-	-
Unreserved, undesignated	30,145	170,564	-	7,661	-	-
Total Equity/Other Credits	41,637	280,934	64,642	7,665	28,802	87,568
TOTAL LIABILITIES/EQUITY/OTHER CREDITS	\$ 290,646	\$ 521,114	\$ 71,401	\$ 20,533	\$ 98,135	\$ 123,236

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND TYPES		ACCOUNT GROUPS		COMPONENT UNITS			
TRUST AND AGENCY		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	PROPRIETARY FUND TYPES	PENSION TRUST FUND	HIGHER EDUCATION FUNDS	
\$	825,341	\$	-	\$	49,966	\$ 47,155	\$ 113,059
	116,041		-		27,644	14,800	38,372
	-		-		-	-	2,765
	-		-		-	-	3,967
	-		-		324	14	1,892
	1,372		-		-	-	-
	31,457		-		1,807	522	16,393
	-		-		58	-	4,103
	2,826,365		-		-	1,304,496	2,430
	4,219		-		355,365	-	51
	60		-		-	-	487
	369,470		-		652,938	96,186	3,697
	49,424	59,073	-		-	35	13,293
	277	293,362	-		-	158	303,733
	133	105,995	-		3,804	208	127,276
	-	44,438	-		-	-	74,149
	-	7,783	-		-	-	80,871
	(191)	-	-		(1,736)	(214)	-
	3	-	-		3,271	97	2,247
	-	-	-		8,313	-	1,790
	10,772	-	-		836	-	4,113
	-	-	29,675		-	-	-
	-	-	263,127		-	-	-
\$	4,234,743	\$ 510,651	\$ 292,802	\$	1,102,590	\$ 1,463,457	\$ 794,688

\$	47,719	\$ -	\$ -	\$ 5,713	\$ 292	\$ 25,183
	-	-	-	-	-	-
	1,069	-	-	-	-	2,765
	-	-	-	-	-	487
	300,155	-	-	-	3	536
	-	-	-	962	27	2,357
	688	-	-	-	-	-
	34,513	-	-	1,755	10	15,064
	1,686	-	-	17,902	-	11,232
	-	-	2,077	-	31	1,802
	-	-	244,017	569,036	-	142,126
	599,101	-	-	1,028	7	4,656
	102	-	43,942	706	36	26,390
	-	-	2,738	-	-	-
	-	-	-	543,280	-	-
	-	-	28	178	-	-
	3,253	-	-	-	-	-
	988,286	-	292,802	1,140,560	406	232,598

	-	510,651	-	-	-	474,437
	-	-	-	11,599	-	-
	-	-	-	98,756	-	-
	-	-	-	(148,325)	-	-
	-	-	-	-	-	1,339
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,268	-	-	-	-	-
	-	-	-	-	-	-
	1,049,706	-	-	-	-	29,793
	-	-	-	-	-	13,622
	2,075,516	-	-	-	1,463,051	-
	117,967	-	-	-	-	42,899
	3,246,457	510,651	-	(37,970)	1,463,051	562,090
\$	4,234,743	\$ 510,651	\$ 292,802	\$ 1,102,590	\$ 1,463,457	\$ 794,688

STATE OF MONTANA
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST
REVENUES:					
Licenses/Permits	\$ 31,471	\$ 78,572	\$ -	-	\$ 1,768
Taxes:					
Natural Resource	24,496	7,133	334	4,352	29,103
Individual Income	348,517	8	33,607	-	-
Corporate Income	59,360	-	6,724	-	9,677
Property	203,920	6,823	-	-	-
Fuel	-	176,048	-	-	-
Payroll	-	541	-	-	-
Other (Note 1)	62,953	50,246	10,531	2,281	23,079
Charges for Services/Fines/Forfeits	25,184	39,385	1,337	461	182
Investment Earnings	16,295	6,835	4,823	641	8,960
Sale of Documents/Mdse./Property	229	4,700	1,847	-	-
Rentals/Leases/Royalties	113	107	-	-	14
Contributions/Premiums	-	4,165	-	-	58,561
Grants/Contracts/Donations	2	9,230	-	-	1,342
Federal	25,200	854,873	227	-	5,238
Federal Indirect Cost Recoveries	85	1,600	-	-	-
Other Revenues	508	1,044	-	-	-
Total Revenues	798,333	1,241,310	59,430	7,735	137,924
Intrafund Revenues	(385)	(2,507)	(162)	-	-
Net Revenues	797,948	1,238,803	59,268	7,735	137,924
EXPENDITURES:					
Current:					
General Government	65,855	5,793	-	51	45,497
Public Safety/Corrections	73,471	45,750	-	-	23,128
Transportation	265	321,877	-	-	-
Health/Social Services	214,052	556,454	-	-	2
Education/Cultural	476,345	75,259	-	-	150
Resource Development/Recreation	14,085	55,138	-	41	-
Economic Development/Assistance	3,246	103,546	-	-	65,830
Debt Service:					
Principal Retirement	606	838	41,477	-	20
Interest/Fiscal Charges	3,201	1,294	13,544	-	2
Capital Outlay	6,394	26,565	12	24,049	4
Total Expenditures	857,520	1,192,514	55,033	24,141	134,633
Intrafund Expenditures	(385)	(2,507)	(162)	-	-
Net Expenditures	857,135	1,190,007	54,871	24,141	134,633
Excess of Rev. Over (Under) Expend.	(59,187)	48,796	4,397	(16,406)	3,291
OTHER FINANCING SOURCES (USES):					
Loan Proceeds	-	1,625	-	-	-
Bond Proceeds	505	9,360	-	-	-
Proceeds of Refunding Bonds	-	13,760	-	-	-
Inception of Lease/Installment Contract	1,128	800	-	-	-
General Fixed Asset Sale Proceeds	117	29	-	-	-
Operating Transfers In (Note 13)	159,562	21,389	38,689	795	63
Transfers from Component Units (Note 13)	-	-	-	-	-
Operating Transfers Out (Note 13)	(7,712)	(36,348)	(53,973)	(1,269)	(1,179)
Transfers to Component Units (Note 13)	(95,880)	(15,092)	-	-	-
Total Other Financing Sources (Uses)	57,720	(4,477)	(15,284)	(474)	(1,116)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	(1,467)	44,319	(10,887)	(16,880)	2,175
FUND BALANCES - JULY 1 - as Previously Reported	35,436	247,997	72,068	29,745	115,619
Prior Period Adjustments (Note 3)	124	(948)	1,163	-	(1,273)
FUND BALANCES - July 1 - As Restated	35,560	247,049	73,231	29,745	114,346
Increase (Decrease) in Inventories	120	224	-	-	-
Residual Equity Transfers (Note 13)	7,424	(10,658)	2,298	(5,200)	4,714
FUND BALANCES - JUNE 30	\$ 41,637	\$ 280,934	\$ 64,642	\$ 7,665	\$ 121,235

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA
Combined Statement of Revenues, Expenditures, Other Financing Sources (Uses) and
Reconciliation of Budget and Actual (Budgetary Basis) to GAAP Basis - Unreserved Fund Balance
General and Special Revenue Fund Types
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES:						
Licenses/Permits	\$ 28,307	\$ 31,471	\$ 3,164	\$ 77,613	\$ 78,572	\$ 959
Taxes:						
Natural Resource	26,214	24,496	(1,718)	7,906	7,133	(773)
Individual Income	356,951	348,517	(8,434)	12	8	(4)
Corporate Income	62,477	59,360	(3,117)	-	-	-
Property	210,325	203,920	(6,405)	6,694	6,823	129
Fuel	-	-	-	170,130	176,048	5,918
Payroll	-	-	-	482	541	59
Other	57,282	62,953	5,671	49,720	50,246	526
Charges for Services/Fines/Forfeits	23,665	25,184	1,519	42,000	39,385	(2,615)
Investment Earnings	15,742	16,295	553	6,866	6,835	(31)
Sale of Documents/Merchandise/Property	208	229	21	4,393	4,700	307
Rentals/Leases/Royalties	74	113	39	149	107	(42)
Contributions/Premiums	-	-	-	3,990	4,165	175
Grants/Contracts/Donations	2	2	-	11,579	9,230	(2,349)
Federal	24,037	25,200	1,163	1,038,265	854,873	(183,392)
Federal Indirect Cost Recoveries	572	85	(487)	1,759	1,600	(159)
Other Revenues	71	508	437	1,073	1,044	(29)
Total Revenues	805,927	798,333	(7,594)	1,422,631	1,241,310	(181,321)
EXPENDITURES:						
Current:						
General Government	73,947	68,612	5,335	53,487	4,665	48,822
Public Safety/Corrections	75,070	73,588	1,482	71,605	45,899	25,706
Transportation	379	376	3	361,174	322,510	38,664
Health/Social Services	220,962	219,507	1,455	529,634	502,249	27,385
Education/Cultural	487,354	476,422	10,932	143,441	75,344	68,097
Resource Development/Recreation	14,402	14,135	267	121,318	53,454	67,864
Economic Development/Assistance	3,359	3,266	93	120,281	95,462	24,819
Debt Service:						
Principal Retirement	609	609	-	845	845	-
Interest/Fiscal Charges	3,201	3,201	-	809	809	-
Capital Outlay	4,806	4,806	-	27,751	27,751	-
Total Expenditures	884,089	864,522	19,567	1,430,345	1,128,988	301,357
Excess of Rev. Over (Under) Expend.	(78,162)	(66,189)	11,973	(7,714)	112,322	120,036
OTHER FINANCING SOURCES (USES):						
Loan Proceeds	-	-	-	13,360	1,625	(11,735)
Bond Proceeds	505	505	-	8,095	9,360	1,265
Proceeds of Refunding Bonds	-	-	-	13,760	13,760	-
General Fixed Asset Sale Proceeds	100	117	17	19	29	10
Operating Transfers In	151,607	159,385	7,778	59,049	21,583	(37,466)
Operating Transfers Out	(10,684)	(7,691)	2,993	(7,088)	(5,369)	1,719
Transfers to Component Units	(95,880)	(95,880)	-	(15,092)	(15,092)	-
Total Other Financings Sources (Uses)	45,648	56,436	10,788	72,103	25,896	(46,207)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (Budgetary Basis)	(32,514)	(9,753)	22,761	64,389	138,218	73,829
RECONCILIATION OF BUDGETARY/GAAP REPORTING:						
1. Adjust expenditures for encumbrances.	-	6,852	6,852	-	(1,665)	(1,665)
2. Adjustments for appropriated loans/ other nonbudgeted activity.	-	1,434	1,434	-	(92,234)	(92,234)
3. Intrafund elimination - Transfers In	-	(385)	(385)	-	(49,343)	(49,343)
4. Intrafund elimination - Transfers Out	-	385	385	-	49,343	49,343
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (GAAP Basis)	(32,514)	(1,467)	31,047	64,389	44,319	(20,070)
UNRESERVED FUND BALANCES - JULY 1	25,527	25,527	-	152,965	152,965	-
Residual Equity Transfers (Note 13)	7,424	7,424	-	(10,658)	(10,658)	-
Prior Period Adjustments (Note 3)	-	124	124	-	(948)	(948)
Decrease (Increase):						
Encumbrances Reserve	-	(118)	(118)	-	(6,135)	(6,135)
Advances to Other Funds Reserve	-	(1,345)	(1,345)	-	(13)	(13)
Long-Term Loans Reserve	-	-	-	-	(2,742)	(2,742)
Trusts/Endowments Reserve (Note 15)	-	-	-	-	(6,224)	(6,224)
UNRESERVED FUND BALANCES - JUNE 30	<u>\$ 437</u>	<u>\$ 30,145</u>	<u>\$ 29,708</u>	<u>\$ 206,696</u>	<u>\$ 170,564</u>	<u>\$ (36,132)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances
All Proprietary Fund Types, Similar Trust Funds and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PROPRIETARY FUND TYPES
OPERATING REVENUES:				
Charges for Services	\$ 83,334	\$ 65,728	\$ 4,389	\$ 305
Investment Earnings	1,715	3,125	81,295	45,490
Financing Income	2,415	-	-	27,623
Contributions/Premiums	2,197	67,491	-	114,364
Grants/Contracts/Donations	7	25	-	-
Taxes	11,876	-	19,850	46,439
Rentals/Leases/Royalties	-	-	26,205	-
Other Operating Revenues	3,818	492	35	1,210
Total Operating Revenues	105,362	136,861	131,774	235,431
Intrafund Revenues	(5)	(101)	-	-
Net Operating Revenues	105,357	136,760	131,774	235,431
OPERATING EXPENSES:				
Personal Services	7,262	20,302	-	8,251
Contractual Services	6,019	9,506	-	4,894
Supplies/Materials	35,936	13,649	-	303
Benefits/Claims (Note 3)	3,822	59,357	-	(54,522)
Depreciation	694	8,543	-	496
Amortization	9	29	-	49
Utilities/Rent	600	4,751	-	212
Communications	1,316	10,091	-	567
Travel	161	301	-	192
Repair/Maintenance	419	4,263	-	200
Local Assistance	1,575	-	-	-
Lottery Prize Payments	15,913	-	-	-
Interest Expense	2,748	81	-	41,181
Arbitrage Rebate Tax	122	-	-	175
Other Operating Expenses	2,106	1,480	20	6,255
Total Operating Expenses	78,702	132,353	20	8,253
Intrafund Expenses	(5)	(101)	-	-
Net Operating Expenses	78,697	132,252	20	8,253
Operating Income (Loss)	26,660	4,508	131,754	227,178
NONOPERATING REVENUES (EXPENSES):				
Gain (Loss) Sale of Fixed Assets	(91)	(580)	-	1
Increase (Decrease) Value of Livestock	(388)	-	-	-
Federal Indirect Cost Recoveries	-	2,495	-	-
Total Nonoperating Revenues (Expenses)	(479)	1,915	-	1
Income (Loss) Before Operating Transfers	26,181	6,423	131,754	227,179
Operating Transfers In (Note 13)	70	1,664	1,109	-
Operating Transfers Out (Note 13)	(25,998)	-	(98,314)	-
Transfers to Component Units (Note 13)	-	-	(1,815)	-
Net Income Before Extraordinary Items	253	8,087	32,734	227,179
Loss on Debt Extinguishment (Note 12)	-	-	-	(1,709)
Net Income (loss)	253	8,087	32,734	225,470
RETAINED EARNINGS/FUND BALANCES - July 1				
As Previously Reported	24,920	73,322	1,016,948	(275,039)
Prior Period Adjustments (Note 3)	(961)	(142)	-	-
RETAINED EARNINGS/FUND BALANCES - July 1				
As Restated	23,959	73,180	1,016,948	(275,039)
Residual Equity Transfers (Note 13)	(2)	(277)	24	-
RETAINED EARNINGS/FUND BALANCES - JUNE 30	\$ 24,210	\$ 80,990	\$ 1,049,706	(49,569)

The notes to the financial statements are an integral part of this statement.



STATE OF MONTANA
Combined Statement of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	PROPRIETARY FUND TYPES			COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PROPRIETARY FUND TYPES
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Sales and Services	\$ 75,637	\$ 132,367	\$ 4,195	\$ 113,283
Collections of Principal and Interest on Loans	9,178	-	-	71,232
Cash Payments for Loans	(7,444)	-	-	(57,242)
Payments to Suppliers for Goods and Services	(39,036)	(44,300)	-	(8,434)
Payments to Employees	(7,701)	(20,038)	-	(8,552)
Grant Receipts	-	2,664	-	-
Grant Payments	-	-	(15)	-
Cash Payments for Claims	(3,879)	(63,537)	-	(93,752)
Cash Payments for Local Assistance	(1,464)	-	-	-
Collections of Notes Receivable	-	-	-	(36)
Collections of Payroll Taxes	-	-	-	43,258
Cash Payments for Prizes	(15,273)	-	-	-
Transfers from Other Funds	-	303	-	-
Scholarship/Fellowship Payments	-	-	(4)	-
Other Operating Revenues	2,785	113	35	1,180
Net Cash Provided by (Used for) Operating Activities	12,803	7,572	4,211	60,937
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Payment of Principal and Interest on Bonds and Notes	(9,677)	-	-	(150,901)
Proceeds from Issuance of Bonds and Notes	8,378	-	-	89,856
Payment of Bond Issuance Costs	(121)	-	-	(1,493)
Collection of Taxes	11,876	-	20,119	-
Transfers to Other Funds	(21,276)	-	(102,144)	(638)
Transfers to Component Units	-	-	(1,678)	-
Transfers from Other Funds	69	1,079	1,086	(114)
Transfers from Primary Government	-	-	-	27,426
Proceeds from Interfund Loans	200	190	37	-
Payment of Interfund Loans	(235)	(345)	97	-
Residual Equity Transfers to Other Funds	(2)	(200)	-	-
Residual Equity Transfers from Other Funds	-	-	24	-
Contributed Capital Transfers from Other Funds	-	1,691	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(10,788)	2,415	(82,459)	(35,864)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Fixed Assets	(1,452)	(9,985)	-	(2,188)
Proceeds from Sale of Fixed Assets	158	1,037	-	3
Principal and Interest Payments on Bonds and Notes	(29)	(1,182)	-	-
Net Cash Used for Capital and Related Financing Activities	(1,323)	(10,130)	-	(2,185)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Investments	(10,087)	(25,809)	(83,457)	(1,017,942)
Proceeds from Sales or Maturities of Investments	9,167	16,616	54,734	948,428
Interest and Dividends on Investments	1,571	3,286	77,632	45,541
Arbitrage Rebate Tax	(231)	-	-	(206)
Collections of Principal on Loans	-	-	16,342	-
Cash Payments for Loans	-	-	(25,178)	-
Collection of Rents/Leases/Royalties	-	-	25,488	-
Net Cash Provided by (Used for) Investing Activities	420	(5,907)	65,561	(24,179)
Net Increase (Decrease) in Cash and Cash Equivalents	1,112	(6,050)	(12,687)	(1,291)
Cash and Cash Equivalents, July 1	17,879	29,935	64,544	51,257
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 18,991	\$ 23,885	\$ 51,857	\$ 49,966

The notes to the financial statements are an integral part of this statement.

	PROPRIETARY FUND TYPES			COMPONENT UNITS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PROPRIETARY FUND TYPES
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 26,660	\$ 4,508	\$ 131,754	\$ 227,178
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Depreciation	694	8,543	-	496
Amortization	9	29	-	49
Taxes	(11,876)	-	(19,850)	-
Interest Expense	2,748	81	-	41,181
Interest on Investments	(1,715)	(3,125)	(81,295)	(45,490)
Federal Indirect Cost Recoveries	-	2,495	-	-
Arbitrage Rebate Tax	122	-	-	175
Operating Transfers in	-	627	-	-
Rentals/Leases/Royalties	-	-	(26,205)	-
Change in Assets and Liabilities:				
Decr (Incr) in Accounts Receivable	(13,472)	(198)	-	2,860
Decr (Incr) in Due From Other Governments	-	(2)	-	-
Decr (Incr) in Due From Other Funds	(38)	340	(194)	343
Decr (Incr) in Due From Primary Government	-	-	-	(311)
Decr (Incr) in Due From Component Units	(120)	(41)	-	-
Decr (Incr) in Inventories	5,107	24	-	15
Decr (Incr) in Intangible Assets	7	-	-	-
Decr (Incr) in Long-term Loans/Notes Receivable	1,590	(1,272)	-	(13,613)
Decr (Incr) in Other Assets	(2,715)	(79)	-	816
Incr (Decr) in Accounts Payable	2,379	(27)	1	(143)
Incr (Decr) in Lottery Prizes Payable	766	-	-	-
Incr (Decr) in Due to Other Funds	(18)	(366)	-	423
Incr (Decr) in Due to Other Governments	5	-	-	-
Incr (Decr) in Due to Primary Government	-	-	-	(84)
Incr (Decr) in Due to Component Units	12	3	-	-
Incr (Decr) in Deferred Revenue	559	115	-	(3,800)
Incr (Decr) in Bonds/Notes Payable	(49)	-	-	-
Incr (Decr) in Property Held in Trust	2,436	52	-	(806)
Incr (Decr) in Compensated Absences Payable	(247)	115	-	(46)
Incr (Decr) in Estimated Insurance Claims	(41)	(4,250)	-	(148,306)
Net Cash Provided by (Used For) Operating Activities	<u>\$ 12,803</u>	<u>\$ 7,572</u>	<u>\$ 4,211</u>	<u>\$ 60,937</u>
SCHEDULE OF NONCASH TRANSACTIONS:				
Fixed Asset Acquisitions from Capital Leases	\$ 56	\$ 2,210	- \$	-
Asset Acquisitions from Contributed Capital Transfers from Other Funds	1,303	2,138	-	-
Asset Disposals from Contributed Capital	-	(308)	-	-
Total Noncash Transactions	<u>\$ 1,359</u>	<u>\$ 4,040</u>	<u>- \$</u>	<u>-</u>
RECONCILIATION FOR NONEXPENDABLE TRUST:				
Cash and Cash Equivalents, June 30		\$	51,857	
Cash and Cash Equivalents, Expendable Trust, Pension Trust and Agency			773,484	
Cash and Cash Equivalents per Combined Balance Sheet, Trust and Agency		<u>\$</u>	<u>825,341</u>	

STATE OF MONTANA
Combining Balance Sheet
Component Units - Proprietary Fund Types
June 30, 1996
(Expressed in Thousands)

	HOUSING AUTHORITY	HEALTH FACILITIES AUTHORITY	STATE COMPENSATION INSURANCE (NEW FUND)	STATE COMPENSATION INSURANCE (OLD FUND)	TOTALS
ASSETS:					
Cash/Cash Equivalents	\$ 4,515	\$ 239	\$ 37,477	\$ 7,735	49,966
Receivables (Net)	4,290	118	19,915	3,321	27,644
Due from Primary Government (Note 13)	1	-	36	287	324
Due from Other Funds (Note 13)	-	-	1,770	37	1,807
Inventories	-	-	58	-	58
Long-Term Loans/Notes Receivable	355,154	211	-	-	355,365
Investments (Note 4)	159,922	605	481,302	11,109	652,938
Equipment	278	18	3,508	-	3,804
Accumulated Depreciation	(186)	(10)	(1,540)	-	(1,736)
Intangible Assets	22	-	3,249	-	3,271
Deferred Charges	5,375	-	-	2,938	8,313
Other Assets	26	-	810	-	836
TOTAL ASSETS	\$ 529,397	\$ 1,181	\$ 546,585	\$ 25,427	1,102,590
LIABILITIES/FUND EQUITY:					
Liabilities:					
Accounts Payable	\$ 4,718	\$ 2	\$ 444	\$ 549	5,713
Due to Primary Government (Note 13)	36	11	913	2	962
Due to Other Funds (Note 13)	2	-	8	1,745	1,755
Deferred Revenue	-	1	17,673	228	17,902
Bonds/Notes Payable (Net) (Note 12)	439,979	-	-	129,057	569,036
Property Held in Trust	-	-	1,028	-	1,028
Compensated Absences Payable	37	19	608	42	706
Estimated Insurance Claims (Note 9)	-	-	294,478	248,802	543,280
Arbitrage Rebate Tax Payable	38	-	-	140	178
Total Liabilities	444,810	33	315,152	380,565	1,140,560
Fund Equity:					
Contributed Capital (Note 17)	-	-	11,599	-	11,599
Retained Earnings:					
Reserved for Debt Service (Note 15)	84,587	-	-	14,169	98,756
Unreserved	-	1,148	219,834	(369,307)	(148,325)
Total Fund Equity	84,587	1,148	231,433	(355,138)	(37,970)
TOTAL LIABILITIES/FUND EQUITY	\$ 529,397	\$ 1,181	\$ 546,585	\$ 25,427	1,102,590

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Component Units - Proprietary Fund Types
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	HOUSING AUTHORITY	HEALTH FACILITIES AUTHORITY	STATE COMPENSATION INSURANCE (NEW FUND)	STATE COMPENSATION INSURANCE (OLD FUND)	TOTALS
OPERATING REVENUES:					
Charges for Services	\$ 42	\$ 227	\$ 36	\$ -	\$ 305
Investment Earnings	11,161	40	33,125	1,164	45,490
Financing Income	27,603	20	-	-	27,623
Contributions/Premiums	-	-	114,458	(94)	114,364
Payroll Taxes	-	-	-	46,439	46,439
Other Operating Revenues	698	30	482	-	1,210
Total Operating Revenues	39,504	317	148,101	47,509	235,431
OPERATING EXPENSES:					
Personal Services	408	55	6,672	1,116	8,251
Contractual Services	1,800	48	2,772	274	4,894
Supplies/Materials	14	2	249	38	303
Benefits/Claims (Note 3)	-	-	(29,833)	(24,689)	(54,522)
Depreciation	24	1	471	-	496
Amortization	13	-	36	-	49
Utilities/Rent	35	-	150	27	212
Communications	21	4	459	83	567
Travel	46	22	113	11	192
Repair/Maintenance	49	-	129	22	200
Interest Expense	32,260	-	-	8,921	41,181
Arbitrage Rebate Tax	119	-	-	56	175
Other Operating Expenses	41	10	5,063	1,141	6,255
Total Operating Expenses	34,830	142	(13,719)	(13,000)	8,253
Operating Income (Loss)	4,674	175	161,820	60,509	227,178
NONOPERATING REVENUES (EXPENSES):					
Gain (Loss) Sale of Fixed Assets	-	-	1	-	1
Total Nonoperating Revenues (Expenses)	-	-	1	-	1
Income (Loss) Before Extraordinary Items	4,674	175	161,821	60,509	227,179
Loss on Debt Extinguishment (Note 12)	-	-	-	(1,709)	(1,709)
Net Income (Loss)	4,674	175	161,821	58,800	225,470
RETAINED EARNINGS - JULY 1 -	79,913	973	58,013	(413,938)	(275,039)
RETAINED EARNINGS - JUNE 30	\$ 84,587	\$ 1,148	\$ 219,834	\$ (355,138)	\$ (49,569)

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA
Combining Statement of Cash Flows
Component Units - Proprietary Fund Types
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	HOUSING AUTHORITY	HEALTH FACILITIES AUTHORITY	STATE COMPENSATION INSURANCE (NEW FUND)	STATE COMPENSATION INSURANCE (OLD FUND)	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Sales and Services	\$ 38	\$ 259	\$ 113,008	\$ (22)	\$ 113,283
Collections of Principal and Interest on Loans	71,126	106	-	-	71,232
Cash Payments for Loans	(57,242)	-	-	-	(57,242)
Payments to Suppliers for Goods and Services	(2,005)	(79)	(5,327)	(1,023)	(8,434)
Payments to Employees	(377)	(55)	(7,000)	(1,120)	(8,552)
Cash Payments for Claims	-	-	(71,452)	(22,300)	(93,752)
Collection of Notes Receivable	-	-	-	(36)	(36)
Collection of Payroll Taxes	-	-	-	43,258	43,258
Other Operating Revenues	698	-	482	-	1,180
Net Cash Provided by (Used for) Operating Activities	12,238	231	29,711	18,757	60,937
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Payment of Principal and Interest on Bonds and Notes	(105,142)	-	-	(45,759)	(150,901)
Proceeds from Issuance of Bonds and Notes	89,856	-	-	-	89,856
Payment of Bond Issuance Costs	(1,493)	-	-	-	(1,493)
Transfers to Other Funds	-	-	-	(638)	(638)
Transfers from Other Funds	-	-	-	(114)	(114)
Transfers from Primary Government	-	-	-	27,426	27,426
Net Cash Provided by (Used for) Noncapital Financing Activities	(16,779)	-	-	(19,085)	(35,864)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of Fixed Assets	(68)	(6)	(2,114)	-	(2,188)
Proceeds from Sale of Fixed Assets	-	-	3	-	3
Net Cash Used for Capital and Related Financing Activities	(68)	(6)	(2,111)	-	(2,185)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of Investments	(795,697)	(606)	(216,601)	(5,038)	(1,017,942)
Proceeds from Sales or Maturities of Investments	790,311	200	153,290	4,627	948,428
Interest and Dividends on Investments	11,604	29	32,421	1,487	45,541
Arbitrage Rebate Tax	(206)	-	-	-	(206)
Net Cash Provided by (Used for) Investing Activities	6,012	(377)	(30,890)	1,076	(24,179)
Net Increase (Decrease) in Cash and Cash Equivalents	1,403	(152)	(3,290)	748	(1,291)
Cash and Cash Equivalents, July 1	3,112	391	40,767	6,987	51,257
Cash and Cash Equivalents, June 30	\$ 4,515	\$ 239	\$ 37,477	\$ 7,735	\$ 49,966

The notes to the financial statements are an integral part of this statement.

	HOUSING AUTHORITY	HEALTH FACILITIES AUTHORITY	STATE COMPENSATION INSURANCE (NEW FUND)	STATE COMPENSATION INSURANCE (OLD FUND)	TOTALS
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 4,674	\$ 175	\$ 161,820	\$ 60,509	\$ 227,178
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Depreciation	24	1	471	-	496
Amortization	13	-	36	-	49
Interest Expense	32,260	-	-	8,921	41,181
Interest on Investments	(11,161)	(40)	(33,125)	(1,164)	(45,490)
Arbitrage Rebate Tax	119	-	-	56	175
Change in Assets and Liabilities:					
Decr (Incr) in Accounts Receivable	1	2	5,908	(3,051)	2,860
Decr (Incr) in Due From Other Funds	-	-	272	71	343
Decr (Incr) in Due From Primary Government	-	-	(24)	(287)	(311)
Decr (Incr) in Inventories	-	-	15	-	15
Decr (Incr) in Long-Term Loans/Notes Receivable	(13,700)	87	-	-	(13,613)
Decr (Incr) in Other Assets	(64)	-	815	65	816
Incr (Decr) in Accounts Payable	10	(1)	(110)	(42)	(143)
Incr (Decr) in Due to Other Funds	4	-	(104)	523	423
Incr (Decr) in Due to Primary Government	4	6	19	(113)	(84)
Incr (Decr) in Deferred Revenue	46	-	(4,074)	228	(3,800)
Incr (Decr) in Property Held in Trust	-	-	(806)	-	(806)
Incr (Decr) in Compensated Absences Payable	8	1	(42)	(13)	(46)
Incr (Decr) in Estimated Insurance Claims	-	-	(101,360)	(46,946)	(148,306)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 12,238</u>	<u>\$ 231</u>	<u>\$ 29,711</u>	<u>\$ 18,757</u>	<u>\$ 60,937</u>

STATE OF MONTANA
Statement of Plan Net Assets
Component Unit - Pension Trust Fund
June 30, 1996
(Expressed in Thousands)

	<u>TRS</u>
ASSETS:	
Cash/Cash Equivalents (Note 4)	\$ 47,155
Receivables (Net):	
Employer Contributions	4,262
Employee Contributions	3,901
Interest	6,591
Other Receivables	46
Due from Primary Government (Note 13)	14
Due from Other Funds (Note 13)	522
Investments, at Fair Value:	
Equity in Pooled Investments (Note 4)	1,304,496
Other Investments (Note 4)	96,186
Land	35
Buildings/Improvements	158
Equipment	208
Accumulated Depreciation	(214)
Intangible Assets	97
 TOTAL ASSETS	 <u>\$ 1,463,457</u>
LIABILITIES/FUND BALANCES:	
Accounts Payable	\$ 292
Due to Primary Government (Note 13)	27
Due to Other Governments	3
Due to Other Funds (Note 13)	10
Lease/Installment Purch. Payable (Note 11)	31
Property Held in Trust	7
Compensated Absences Payable (Note 1)	36
 Total Liabilities	 <u>406</u>
 Fund Balances Reserved for Employees' Pension Benefits	 <u>1,463,051</u>
 TOTAL LIABILITIES/FUND BALANCES	 <u>\$ 1,463,457</u>

STATE OF MONTANA
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds and Discretely Presented Component Unit
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	PERS	MUNICIPAL POLICE	FIRE- FIGHTERS UNIFIED	SHERIFFS	HIGHWAY PATROL	JUDGES	GAME WARDENS	VOLUNTEER FIRE- FIGHTERS	TOTAL PRIMARY GOVT	COMP UNIT TRS
ADDITIONS:										
Charges for Services	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -
Contributions/Premiums:										
Employer	41,881	6,650	6,111	1,558	2,541	1,128	230	862	60,961	40,627
Employee	43,524	1,643	1,066	1,538	621	203	227	-	48,822	39,174
Other Contributions	190	-	-	4	-	-	-	-	194	190
Net Investment Earnings:										
Investment Earnings	194,815	7,188	6,651	7,306	5,162	2,803	2,116	899	226,940	162,742
Administrative Investment Expense	(866)	(23)	(20)	(24)	(17)	(10)	(6)	(4)	(970)	(719)
Other Additions	5	-	-	-	-	-	-	-	5	16
Total Additions	279,554	15,458	13,808	10,382	8,307	4,124	2,567	1,757	335,957	242,030
DEDUCTIONS:										
Benefits	80,240	6,839	5,755	1,294	3,435	1,174	1,093	737	100,567	83,763
Refunds	10,417	114	29	322	68	-	-	-	10,950	4,159
Administrative Expenses:										
Personal Services	572	-	-	-	-	-	-	-	572	335
Contractual Services	378	-	-	-	-	-	-	-	378	156
Supplies/Materials	41	-	-	-	-	-	-	-	41	23
Depreciation	20	-	-	-	-	-	-	-	20	23
Amortization	1	-	-	-	-	-	-	-	1	30
Utilities/Rent	12	-	-	-	-	-	-	-	12	24
Communications	53	-	-	-	-	-	-	-	53	39
Travel	21	-	-	-	-	-	-	-	21	13
Repair/Maintenance	7	-	-	-	-	-	-	-	7	29
Interest Expense	-	-	-	-	-	-	-	-	-	5
Other Operating Expenses	-	31	26	22	14	342	5	22	462	9
Local Assistance	-	-	-	-	-	-	-	15	15	-
Loss on Sale of Fixed Assets	6	-	-	-	-	-	-	-	6	-
Total Deductions	91,768	6,984	5,810	1,638	3,517	1,516	1,098	774	113,105	88,608
Net Increase (Decrease)	187,786	8,474	7,998	8,744	4,790	2,608	1,469	983	222,852	153,422
FUND BALANCES - JULY 1 -										
As Previously Reported	1,276,897	57,610	56,473	55,526	38,928	20,401	14,949	9,970	1,530,754	1,067,111
Prior Period Adjustments	284,993	7,976	6,913	8,476	6,491	3,562	2,948	551	321,910	242,518
FUND BALANCES - JULY 1 -										
As Restated	1,561,890	65,586	63,386	64,002	45,419	23,963	17,897	10,521	1,852,664	1,309,629
FUND BALANCES - JUNE 30	\$ 1,749,676	\$ 74,060	\$ 71,384	\$ 72,746	\$ 50,209	\$ 26,571	\$ 19,366	\$ 11,504	\$ 2,075,516	\$ 1,463,051

STATE OF MONTANA
Combining Balance Sheet
Component Units - All Higher Education Funds
June 30, 1996
(Expressed in Thousands)

	CURRENT FUNDS			
	UNRESTRICTED			
	GENERAL OPERATING	DESIGNATED	AUXILIARY	RESTRICTED
ASSETS:				
Cash/Cash Equivalents	\$ 14,236	\$ 16,892	\$ 10,951	\$ 2,005
Receivables (Net)	2,872	516	834	9,091
Interfund Loans Receivable (Note 13)	700	2,065	-	-
Due from Other Governments	3	2	-	3,955
Due from Primary Government (Note 13)	15	131	91	1,049
Due from Other Funds (Note 13)	5,408	4,286	425	207
Inventories	93	1,593	2,417	-
Equity in Pooled Investments	-	-	-	-
Long-Term Notes/Loans Receivable	-	-	-	-
Advances to Other Funds	-	-	14	-
Investments (Note 4)	-	-	-	2
Land	-	-	-	-
Buildings/Improvements	-	-	-	-
Equipment	-	-	-	-
Other Fixed Assets	-	-	-	-
Construction in Progress	-	-	-	-
Intangible Assets	-	-	-	-
Deferred Charges	-	-	-	-
Other Assets	2,690	895	22	173
TOTAL ASSETS	\$ 26,017	\$ 26,380	\$ 14,754	\$ 16,482
LIABILITIES/FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 11,968	\$ 3,740	\$ 1,632	\$ 2,994
Interfund Loans Payable (Note 13)	-	-	-	2,500
Advances from Other Funds	-	25	16	14
Due to Other Governments	292	13	-	20
Due to Primary Government (Note 13)	1,144	257	22	45
Due to Other Funds (Note 13)	4,036	2,255	1,324	4,587
Deferred Revenue	5,337	1,243	668	3,770
Lease/Installment Purchase Payable (Note 11)	-	-	-	-
Bonds/Notes Payable (Note 12)	76	5	5	-
Property Held in Trust	184	58	356	156
Compensated Absences Payable (Note 1)	20,269	4,347	1,643	131
Total Liabilities	43,306	11,943	5,666	14,217
Fund Balances:				
Net Investment in Plant	-	-	-	-
Reserved For:				
Encumbrances	1,198	89	-	34
Student Loans/Endowments	-	-	-	-
Construction	-	-	-	-
Unreserved	(18,487)	14,348	9,088	2,231
Total Fund Balances	(17,289)	14,437	9,088	2,265
TOTAL LIABILITIES/FUND BALANCES	\$ 26,017	\$ 26,380	\$ 14,754	\$ 16,482

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS				PLANT FUNDS			
STUDENT LOANS	ENDOWMENTS	AGENCY	UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	TOTALS
\$ 3,123	\$ 2,327	\$ 2,583	\$ 43,379	\$ 13,174	\$ 4,389	-	\$ 113,059
24,496	12	81	329	66	75	-	38,372
-	-	-	-	-	-	-	2,765
7	-	-	-	-	-	-	3,967
5	-	20	262	1	318	-	1,892
14	-	4,052	292	664	1,045	-	16,393
-	-	-	-	-	-	-	4,103
-	2,388	42	-	-	-	-	2,430
-	-	-	51	-	-	-	51
-	-	-	16	172	285	-	487
-	706	-	1,034	1,955	-	-	3,697
-	-	-	-	-	-	13,293	13,293
-	-	-	-	-	-	303,733	303,733
-	-	-	-	-	-	127,276	127,276
-	-	-	-	-	-	74,149	74,149
-	-	-	55,193	2,384	-	23,294	80,871
-	-	-	-	-	-	2,247	2,247
-	-	-	-	-	1,790	-	1,790
-	-	262	68	3	-	-	4,113
\$ 27,645	\$ 5,433	\$ 7,040	\$ 100,624	\$ 18,419	\$ 7,902	\$ 543,992	\$ 794,688
\$ 5	\$ -	\$ 690	\$ 2,330	\$ 477	\$ 1,347	-	\$ 25,183
-	-	-	265	-	-	-	2,765
-	-	-	-	432	-	-	487
-	-	211	-	-	-	-	536
-	-	745	139	5	-	-	2,357
274	38	1,492	234	362	462	-	15,064
-	-	-	66	88	60	-	11,232
-	-	-	-	-	-	1,802	1,802
-	-	-	71,868	225	2,194	67,753	142,126
-	-	3,902	-	-	-	-	4,656
-	-	-	-	-	-	-	26,390
279	38	7,040	74,902	1,589	4,063	69,555	232,598
-	-	-	-	-	-	474,437	474,437
-	-	-	11	7	-	-	1,339
25,341	4,452	-	-	-	-	-	29,793
-	-	-	12,361	1,261	-	-	13,622
2,025	943	-	13,350	15,562	3,839	-	42,899
27,366	5,395	-	25,722	16,830	3,839	474,437	562,090
\$ 27,645	\$ 5,433	\$ 7,040	\$ 100,624	\$ 18,419	\$ 7,902	\$ 543,992	\$ 794,688

STATE OF MONTANA
Statement of Changes in Fund Balance
Component Units - All Higher Education Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	CURRENT FUNDS			
	UNRESTRICTED			
	GENERAL OPERATING	DESIGNATED	AUXILIARY	RESTRICTED
REVENUES/OTHER ADDITIONS:				
Tuition/Fees	\$ 80,912	\$ 10,831	\$ 8,685	\$ 3
Federal Grants/Contracts	4,301	46	-	90,576
State Grants/Contracts	-	448	-	8,703
Local Grants/Contracts	-	-	-	1,408
Private Gifts/Grants/Donations	-	797	1	13,620
Endowment Income	-	-	-	77
Sales/Services-Educational Activities	855	1,768	1	101
Sales/Services-Designated/Auxiliary Enterprises	1	21,027	45,640	77
Indirect Costs Recovered	224	7,733	-	-
Investment Earnings	100	127	848	244
Acquisition of Long-Lived Assets	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Other Revenues/Additions	190	3,247	555	349
Total Revenues/Other Additions	86,583	46,024	55,730	115,158
Intrafund Revenues/Other Additions	(4)	(7)	-	(547)
Net Revenues/Other Additions	86,579	46,017	55,730	114,611
EXPENDITURES/OTHER DEDUCTIONS:				
Instruction	95,825	5,354	4	4,781
Research	11,307	7,141	-	35,224
Public Service	5,954	4,663	-	15,671
Academic Support	16,776	9,470	-	2,047
Student Services	15,375	10,991	-	3,901
Institutional Support	16,006	2,652	-	521
Independent Operations	1,911	-	-	-
Scholarships/Fellowships	6,928	269	-	49,284
Auxiliary Enterprises	-	20	45,792	104
Operation/Maintenance of Plant	21,245	39	-	97
Expended for Plant	-	-	-	-
Debt Services	106	227	130	22
Capital Outlay	6,946	3,237	413	3,737
Disposal of Long-Lived Assets	-	-	-	-
Debt Incurred	-	-	-	-
Other Expenditures/Deductions	1,073	3	85	46
Total Expenditures/Other Deductions	199,452	44,066	46,424	115,435
Intrafund Expenditures/Other Deductions	(4)	(7)	-	(547)
Net Expenditures/Other Deductions	199,448	44,059	46,424	114,888
TRANSFERS IN (OUT)/OTHER ADDITIONS (DEDUCTIONS):				
Transfers from State General Fund	95,880	-	-	-
Millage Transfers	15,079	-	-	-
Mandatory Transfers	707	(407)	(6,633)	1
Nonmandatory Transfers	(568)	(1,012)	(1,997)	168
Transfers from Primary Government	-	-	215	-
Total Transfers In (Out) (Note 13)	111,098	(1,419)	(8,415)	169
Move Equity to Investment in Plant	-	-	-	-
Loan Proceeds	-	-	-	-
Bond Proceeds	-	-	-	-
Total Transfers In (Out)/Other Additions (Deductions)	111,098	(1,419)	(8,415)	169
Net Increase (Decrease) in Fund Balances	(1,771)	539	891	(108)
FUND BALANCES - July 1 - As Previously Reported	(15,519)	13,896	8,197	2,375
Prior Period Adjustments (Note 3)	1	-	-	-
FUND BALANCES - July 1 - As Restated	(15,518)	13,896	8,197	2,375
Residual Equity Transfers (Note 13)	-	2	-	(2)
FUND BALANCES - June 30	\$ (17,289)	\$ 14,437	\$ 9,088	\$ 2,265

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS			PLANT FUNDS		
STUDENT LOANS	ENDOWMENTS	UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
\$ -	\$ -	\$ 1,999	\$ 1,129	\$ 2,419	\$ -
909	-	-	143	23	-
151	-	-	-	-	-
-	-	-	-	-	-
10	69	3,408	154	-	-
-	34	-	-	-	-
-	-	-	-	-	-
-	-	17	56	2	-
-	-	-	-	-	-
433	847	2,163	620	473	-
-	-	-	-	-	69,181
-	-	-	-	-	5,199
506	-	2,647	1,535	70	-
2,009	950	10,234	3,637	2,987	74,380
-	-	-	(115)	(32)	-
2,009	950	10,234	3,522	2,955	74,380
-	-	58	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
146	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,292	4,246	19	-
-	-	1,135	220	17,237	-
-	-	4,408	4,070	-	-
-	-	-	-	-	49,890
-	-	-	-	-	5,196
547	-	-	-	-	-
693	-	6,893	8,536	17,256	55,086
-	-	-	(115)	(32)	-
693	-	6,893	8,421	17,224	55,086
-	-	20	9	-	-
-	-	-	-	-	-
-	-	(930)	(611)	8,865	-
(13)	(513)	25	7,223	(2,881)	-
-	-	746	13	854	-
(13)	(513)	(139)	6,634	6,838	-
-	-	1,762	347	10	-
-	-	220	-	-	-
-	-	-	-	5,585	-
(13)	(513)	1,843	6,981	12,433	-
1,303	437	5,184	2,082	(1,836)	19,294
26,047	5,100	20,535	14,751	5,675	455,143
16	(142)	-	-	-	-
26,063	4,958	20,535	14,751	5,675	455,143
-	-	3	(3)	-	-
\$ 27,366	\$ 5,395	\$ 25,722	\$ 16,830	\$ 3,839	\$ 474,437

STATE OF MONTANA
Statement of Current Funds Revenues, Expenditures, Transfers and Other Changes
Component Units - Higher Education Fund Type
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	CURRENT FUNDS			
	UNRESTRICTED			
	GENERAL OPERATING	DESIGNATED	AUXILIARY	RESTRICTED
REVENUES:				
Tuition/Fees	\$ 80,912	\$ 10,831	\$ 8,685	\$ 3
Federal Grants/Contracts	4,301	46	-	90,576
State Grants/Contracts	-	448	-	8,703
Local Grants/Contracts	-	-	-	1,408
Private Gifts/Grants/Donations	-	797	1	13,620
Endowment Income	-	-	-	77
Sales/Services-Educational Activities	855	1,768	1	101
Sales/Services-Designated/Auxiliary Enterprises	1	21,027	45,640	77
Indirect Costs Recovered	224	7,733	-	-
Investment Earnings	100	127	848	244
Other Revenues	190	3,247	555	349
Total Revenues	86,583	46,024	55,730	115,158
Intrafund Revenues	(4)	(7)	-	(547)
Net Revenues	86,579	46,017	55,730	114,611
EXPENDITURES:				
Educational and General:				
Instruction	95,825	5,354	4	4,781
Research	11,307	7,141	-	35,224
Public Service	5,954	4,663	-	15,671
Academic Support	16,776	9,470	-	2,047
Student Services	15,375	10,991	-	3,901
Institutional Support	16,006	2,652	-	521
Scholarships/Fellowships	6,928	269	-	49,284
Operation/Maintenance of Plant	21,245	39	-	97
Other Expenditures	1,073	3	85	46
Total Educational and General Expenditures	190,489	40,582	89	111,572
Intrafund Expenditures	(4)	(7)	-	(547)
Net Educational and General Expenditures	190,485	40,575	89	111,025
Auxiliary Enterprises	-	20	45,792	104
Independent Operations	1,911	-	-	-
Debt Services	106	227	130	22
Capital Outlay	6,946	3,237	413	3,737
Total Expenditures	199,448	44,059	46,424	114,888
TRANSFERS IN (OUT):				
Transfers from State General Fund	95,880	-	-	-
Millage Transfers	15,079	-	-	-
Mandatory Transfers	707	(407)	(6,633)	1
Nonmandatory Transfers	(568)	(1,012)	(1,998)	168
Transfers from Primary Government	-	-	215	-
Total Transfers In (Out) (Note 13)	111,098	(1,419)	(8,416)	169
Net Increase (Decrease) in Fund Balances	\$ (1,771)	\$ 539	\$ 890	\$ (108)

The notes to the financial statements are an integral part of this statement.

STATE OF MONTANA

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements for the State of Montana have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the Higher Education Funds have been prepared in conformity with GAAP for colleges and universities as prescribed by the American Institute of Certified Public Accountants.

A. Reporting Entity - For financial reporting purposes, the State of Montana has included all funds and account groups which comprise the State of Montana (the primary government) and its component units. The component units are entities for which the State is financially accountable, or whose relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

Discrete Component Units

These component units are entities which are legally separate from the State because they possess corporate powers, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. Complete financial statements of the individual component units, which issue separate financial statements, can be obtained from their respective administrative offices. The Component Units columns of the combined financial statements include the financial data of these entities:

Housing Authority (Proprietary Fund Type) - This Authority is a quasi-judicial board, consisting of seven members appointed by the Governor, created in 1975 to facilitate the availability of decent, safe and sanitary housing to persons and families of lower income. The Board issues negotiable notes and bonds to fulfill its purposes. The total amount of notes and bonds outstanding at any time may not exceed \$975,000,000. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. The Authority is audited annually by the Legislative Auditor and its report is issued under separate cover.

Health Facilities Authority (Proprietary Fund Type) - This Authority is governed by a quasi-judicial board appointed by the Governor with the advice and consent of the Senate. Its purpose is to contain future health care costs by offering debt financing or refinancing at reduced rates to Montana non-profit private and public health care institutions for purchases of capital equipment and buildings. The Board issues revenue bonds to fulfill its purposes. Neither the faith and credit nor taxing power of the State of Montana may be pledged for the amounts so issued. The Authority is audited by the Legislative Auditor every two years and its report is issued under separate cover.

State Compensation Insurance Fund (New and Old) (Proprietary Fund Type) - The Fund is a quasi-governmental corporation governed by a five member board appointed by the Governor. The Fund provides workers' compensation insurance. The New Fund covers claims incurred after June 30, 1990, and is financed by member (employer) premiums. The Old Fund covers claims incurred before July 1, 1990, and is financed by a .5 percent tax on each employer as well as a .2 percent tax on employee wages and distributive income of sole proprietors and subchapter S shareholders. Administrative operations and budgets are reviewed by the Governor and the Legislature. The Fund is audited annually by the Legislative Auditor and its report is issued under separate cover.

Teachers' Retirement System (Pension Trust Fund) - This retirement system is a legally separate entity with a board appointed by the Governor. Its purpose is to provide retirement, disability, death and lump sum payments to members of Montana's public teaching profession. The administrative costs of the Teachers' Retirement Division are paid from interest earnings of the fund. The system is funded from employer and employee contributions and interest earnings. The system is audited annually by the Legislative Auditor and its report is issued under separate cover.

Universities and Colleges (Higher Education Funds) - The State Board of Regents has responsibility for the following institutions: University of Montana-Missoula and the units under it including Montana Tech of the University of Montana, Western Montana College of the University of Montana, the Colleges of Technology at Helena and Missoula and the Division of Technology at Butte; and Montana State University-Bozeman and the units under it including Montana State University - Billings, Montana State University - Northern, and the Colleges of Technology located in Billings and Great Falls. All units are funded through State appropriations, tuition, federal grants, and private donations and grants. The units are audited by the Legislative Auditor every two years and their reports are issued under separate cover.

Though the following organizations perform functions related to the higher education units, they are not considered part of Montana's reporting entity: (1) Community Colleges which are considered part of local units of government; and both (2) the Montana Higher Education Student Assistance Corporation, a private non-profit corporation, and (3) private foundations supporting public education, over which the State exercises neither financial nor administrative control (see Note 19). Entities such as local school districts and local authorities of various kinds are considered part of local units of government and have not been included. The State's support of local public education systems is reported in the General Fund.

B. Fund Structure - The State uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The financial activities of the State of Montana are classified into fund categories and account groups as described below:

GOVERNMENTAL FUNDS

General Fund - To account for all governmental financial resources except those required to be accounted for in another fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources restricted to expenditure for specified purposes (other than expendable trusts or major capital projects).

Debt Service Funds - To account for resources accumulated for payment of principal and interest on general long-term obligation debt.

Capital Projects Funds - To account for resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

PROPRIETARY FUNDS

Enterprise Funds - To account for operations (1) financed and operated similar to private business enterprises, where the intent of the legislature is to finance or recover costs primarily through user charges; or (2) where the legislature has decided periodic determination of revenue earned, expenses incurred, or net income is appropriate.

Internal Service Funds - To account for the financing of goods and services provided by one department or agency to other departments, agencies or other governmental entities on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - To account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (1) Expendable Trust Funds; (2) Nonexpendable Trust Funds; (3) Pension Trust Funds; and (4) Agency Funds.

ACCOUNT GROUPS

General Fixed Assets Account Group - To account for all fixed assets of the State, except those accounted for in the Proprietary, Nonexpendable Trust, Pension Trust and Plant Funds.

General Long-Term Obligations Account Group - To account for all long-term obligations of the State, except those accounted for in Proprietary, Nonexpendable Trust, Pension Trust and Plant Funds.

HIGHER EDUCATION (UNIVERSITY AND COLLEGE) FUNDS

Current Funds

Unrestricted

General Operating - To account for the portion of financial resources that can be expended for general operations and is free of externally imposed restrictions, except those imposed by the legislature.

Designated - To account for those resources associated with general operations which are separately classified in order to accumulate costs recharged to other funds and to identify special activities of educational departments which are supported by supplemental assessments and the receipt and disposition of special supply and facility fees which are approved for collection beyond normal course fees.

Auxiliary - To account for those financial resources devoted to providing essential on-campus services primarily to students, faculty or staff where a fee relating to the service is charged.

Restricted - To account for the portion of financial resources that can be expended only for purposes imposed by sources external to the Board of Regents and the legislature.

Fiduciary Funds

Student Loans - To account for moneys which may be loaned to students, faculty or staff for purposes related to education, organized research or public services by the higher education units.

Endowments - To account for moneys where the principal is available for investment. Investment earnings are to be transferred to (or recorded directly in) appropriate operating funds pursuant to prevailing administrative requirements.

Agency - To account for moneys where the State acts in the capacity of a custodian or fiscal agent for individual students, faculty, staff or qualified organizations.

Plant Funds

Unexpended - To account for unexpended resources derived from various sources which are used to finance the acquisition/construction of plant assets and the associated liabilities.

Renewal and Replacement - To account for resources used to provide for the renewal and replacement of plant fund assets as distinguished from additions and improvements.

Retirement of Indebtedness - To account for resources accumulated for interest and principal payments and other debt service charges, including contributions to reserves, relating to plant fund indebtedness.

Investment in Plant - To account for all long-lived assets in the service of the higher education unit as well as all associated liabilities.

C. Basis of Accounting - The accounting and reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or "financial flow" measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is followed in the Governmental Funds and Expendable Trust Funds and in the Agency Funds for the purpose of asset and liability recognition. Under the modified accrual basis, revenues are susceptible to accrual and recognized when they are measurable and available to pay current period liabilities. Intergovernmental revenues received as reimbursements are recognized based upon the expenditures incurred. Intergovernmental revenues received but not earned are recorded as deferred revenues. All other revenue including taxes on coal sales, gas and oil production, individual income and other self-assessed taxes is considered available if due within 60 days of fiscal year-end. Based on historical analysis, a liability has been recognized for collected withholding taxes to be refunded in fiscal year 1997. Expenditures are recognized when the related fund liability is incurred, with the following exceptions:

- (1) principal and interest on long-term debt is recognized when due;
- (2) prepayments are accounted for as expenditures in the period of acquisition; and
- (3) inventory items are considered expenditures when purchased.

All Proprietary, Pension Trust and Nonexpendable Trust Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means all assets and liabilities associated with these activities are included on their balance sheets. Operating statements for these funds present increases (revenues) and decreases (expenses) in net total assets.

Proprietary, Pension Trust, Nonexpendable Trust and Higher Education Funds are maintained and reported on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. In Higher Education Funds, depreciation expense related to plant fund assets is not recorded; student tuition and fees are fully recognized in the fiscal year in which the related courses or activities are principally conducted. Unbilled receivables of Proprietary and Higher Education Funds are recognized as revenue.

Significant intrafund transactions and balances have been eliminated.

D. Proprietary Activity Accounting and Financial Reporting - Activities accounted for in the state's proprietary, non-expendable trust and pension trust funds and proprietary type component units follow all applicable GASB pronouncements and those private sector pronouncements issued on or before November 30, 1989.

E. Cash/Cash Equivalents - For all funds, except the Housing Authority in the Component Unit Proprietary Funds, cash and cash equivalents consist of funds deposited by individual funds in the State Treasurer's pooled cash account, cash deposits in checking accounts, cash invested in the Short Term Investment Pool, undeposited cash held by individual state agencies, and investments categorized as cash equivalents, which are short-term, highly liquid investments with original maturities of three months or less. The Housing Authority considers cash and cash equivalents to be cash held by the state treasurer, other cash deposits, and mortgage payments in transit (See Note 4).

F. Receivables - This classification, net of estimated uncollectibles, consists primarily of receivables for goods sold and services provided; short-term loans and notes; interest and dividends; taxes due within 60 days of fiscal year-end; and income, withholding and inheritance taxes that are past due. An allowance for uncollectible taxes is provided based upon historical analysis. The allowance for uncollectible taxes at June 30, 1996, is \$20.51 million.

G. Inventories - Inventories of materials and supplies are stated at cost. The State allows agencies to use any generally accepted inventory pricing method, but specifies the first-in, first-out method should be appropriate for most agencies.

Governmental and Expendable Trust Funds use the "purchase method," meaning inventory purchases are recorded as expenditures. At fiscal year-end, significant amounts of inventory are shown as a reserve of fund balance, indicating they do not constitute "available spendable resources." An exception is the food stamp inventory balance in the special revenue fund which is offset by deferred revenue per GASB Statement 24.

Proprietary, Pension Trust, Nonexpendable Trust and Higher Education Funds report using the "consumption method," meaning inventories are expensed as used.

H. Investments - In accordance with the statutorily mandated "Prudent Expert Principle", the State of Montana invests in various types of securities for each portfolio it manages. Certain securities including asset-backed securities, variable-rate instruments, zero coupon bonds, preferred stocks, and mortgage-backed securities are purchased for portfolio diversification and a competitive rate of return. All investments, except the deferred compensation plan investments and pension plan investments are reported at cost or amortized cost in the balance sheet. The deferred compensation plan investments and pension plan investments are carried at market value. Investments are reported by type in the disclosure of custodial credit risk for each investment portfolio (See Note 4 on Cash/Cash Equivalents and Investments).

I. Deferred Charges - Unamortized bond issuance costs are reported in this category.

J. Deferred Revenue - Deferred revenues are those for which asset recognition criteria have been met but for which revenue recognition criteria have not been met.

K. Compensated Absences - Full-time state employees earn vacation leave ranging from 15 to 24 days per year depending on the individual's years of service. Teachers employed by the State do not receive vacation leave. Vacation leave may be accumulated and carried over from one year to the next. The carryover is limited to two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Each contribution year, an employee may contribute a maximum of 40 hours of sick leave to a nonrefundable sick leave pool. For fiscal year 1996, 1,303 hours were contributed to the sick leave pool and 839 hours were withdrawn leaving a balance of 5,067 hours in the pool. No liability is reported in the accompanying financial statements because these hours are nonrefundable to participants except by grants approved through an application process.

Vested or accumulated leave of Proprietary and Pension Trust Funds is recorded as an expense and liability of those funds; for higher education the expense and liability is recorded in the current unrestricted funds as the benefits accrue to employees. The liability amount recorded in the General Long-Term Obligations Account Group is not expected to be liquidated with expendable financial resources, thus no expenditure or liability is reported in the governmental funds. Upon retirement or termination, an employee is paid for 100 per cent of unused vacation leave and 25 per cent of unused sick leave.

As of June 30, 1996, the State's liability for unused vacation and sick leave for Higher Education Funds was \$26,390,000. The leave liabilities for the remaining agencies at June 30, 1996, were \$48,071,000, an increase of \$2,931,000 over the June 30, 1995, leave liability of \$45,140,000. The following table reflects the change (in thousands):

	<u>Balance July 1, 1995</u>	<u>Leave Earned</u>	<u>Leave Used</u>	<u>Balance June 30, 1996</u>
PRIMARY GOVERNMENT				
Governmental Fund Types and Similar Trust Funds	\$ 40,850	\$ 24,947	\$ 21,855	\$ 43,942
Proprietary Fund Types and Similar Trust Funds	<u>3,504</u>	<u>1,773</u>	<u>1,890</u>	<u>3,387</u>
Total	\$ 44,354	\$ 26,720	\$ 23,745	\$ 47,329
COMPONENT UNITS				
Propriety Fund Types and Similar Trust Funds	<u>786</u>	<u>469</u>	<u>513</u>	<u>742</u>
Total Non-Higher Education Funds	<u>\$ 45,140</u>	<u>\$ 27,189</u>	<u>\$ 24,258</u>	<u>\$ 48,071</u>

L. Encumbrances - For budget control purposes, the State utilizes encumbrance accounting, under which purchase orders, contracts and other commitments are recorded as expenditures and liabilities in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at fiscal year-end are reported as reservations of fund balances for subsequent year expenditures.

M. Fund Balance/Retained Earnings Reserves - Portions of fund equity are reported as "reserved" to indicate (1) amounts not available for expenditure, such as equity represented by inventories; and (2) amounts legally segregated for a specific future use, such as those pledged for debt service and retirement benefits or legally-binding contractual agreements.

N. Property Taxes - Real property taxes are levied in October and are payable in two installments on November 30 and May 31. These taxes attach as an enforceable lien immediately if not paid when due. The State recognizes property tax revenues as available if they are collectible within 60 days after fiscal year-end. Material delinquent and total uncollected current year property taxes receivable are recorded in Receivables (Net of Uncollectibles).

Personal property tax levies are set each August and notices are normally mailed the following March or April. Half of mobile home taxes are due in 30 days and the remaining half on September 30. Taxes on all other types of personal property are to be paid in full 30 days after receipt of the notice. Personal property taxes attach as an enforceable lien immediately if not paid when due.

Property taxes are collected by each of Montana's 56 counties. The counties then remit the State's portion to the State Treasury. The majority of these taxes help fund public school systems and higher education.

O. Other Taxes - On the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for All Governmental Fund Types and Expendable Trust Funds, the revenue category "Other Taxes" consists of the following taxes (in thousands):

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Exp. Trust Fund
Video Gaming	\$10,736	\$ (152)	\$ -	\$ -	\$23,000
Insurance Premium	23,119	9,808	-	-	-
University System Millage	-	15,337	-	-	-
Cigarette/Tobacco	-	1,725	10,531	2,281	-
Inheritance/Estate	15,404	-	-	-	-
Accommodations	127	8,479	-	-	-
Alcoholic Beverage	2,219	2,467	-	-	-
Miscellaneous	<u>11,348</u>	<u>12,582</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER TAXES	<u>\$62,953</u>	<u>\$50,246</u>	<u>\$10,531</u>	<u>\$2,281</u>	<u>\$23,000</u>

2. BUDGETARY REPORTING

A. State Budget Process - Montana prepares two annual budgets biennially in the odd-numbered years when the legislature meets. The constitution requires that legislative appropriations not exceed available revenues. The legislature only utilizes revenue estimates in the budgetary process to establish appropriation levels. Expenditures may not legally exceed budgeted appropriations. In addition, the State Constitution prohibits borrowing to cover deficits incurred because appropriations exceeded anticipated revenues. State law requires an appropriation for disbursements from the General, Special Revenue and Capital Projects Funds, except for those State Special Revenue Funds which receive donations. Budgets may be established in other funds for administrative purposes.

Agency budget requests are submitted to the Governor and the legislative fiscal division. The Governor and budget director establish priorities and balance the budget. The Governor's budget is submitted to the legislative fiscal division which prepares recommendations. A comparison of those recommendations with the Governor's budget is submitted to the legislature. Joint appropriations subcommittee hearings are held and an omnibus appropriation bill is reported in the House and subsequently sent to the Senate. The legislature generally enacts one bill making all appropriations for the next two fiscal years. The Office of Budget and Program Planning establishes appropriations for each program by accounting entity (fund) within an agency. The legislature enacts other appropriations, but only within the available revenue. Agencies must prepare and submit to the budget director operational plans showing the allocation of operating budgets by expenditure category (i.e., personal services, operating expenses, equipment, etc.). The budget director or other statutorily designated approving authority may authorize changes among expenditure categories and transfers between program appropriations.

Appropriations may not be increased by amendment in the General Fund. However, a department, institution or agency of the executive branch desiring authorization to make expenditures from the General Fund during the first fiscal year of the biennium from appropriations for the second fiscal year of the biennium may apply for authorization from the Governor through the budget director. Additionally, the Governor, or his designee, may approve budget amendments for non-general fund moneys not available for consideration by the legislature and for emergencies. In the accompanying financial statements, reported budget amounts are as amended. Budget amendments authorized for fiscal year 1996 were not material. There were no expenditures in excess of total authorized appropriations in the State's budgeted funds for the fiscal year.

Appropriations may be continued into the next fiscal year when authorized by the legislature or the governor's office. After fiscal year-end, appropriations that are not continued are reverted. The reverted appropriations remain available for one fiscal year for expenditures that exceed the amount accrued/encumbered. Fund balances/retained earnings are not reserved for reverted appropriations. For fiscal year 1996, reverted appropriations for all funds were \$180.6 million of which \$12.3 million were for the General Fund and \$57.2 million were for the Special Revenue Fund. Beginning with fiscal year 1994, agencies have the opportunity to carry forward 30% of their reverted operating appropriations into the next two fiscal years. This amount can be used for new expenditures at the request of the agency and upon approval of the budget office.

Because appropriations for Capital Projects Funds are not made on an annual basis, activities for the Capital Projects Funds are not presented in the Combined Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Reconciliation of Budget and Actual (Budgetary Basis) to GAAP Basis - Unreserved Fund Balance.

B. Budget Basis - The legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with GAAP. The budget basis differs from GAAP for encumbrances outstanding at fiscal year-end; compensated absences, fixed assets and inventories purchased in Proprietary Funds; compensated absences and inventories purchased in Higher Education Funds; certain loans from Governmental Funds; and other miscellaneous nonbudgeted activity (e.g., bad-debt write-offs, etc.). The General and Special Revenue Fund Type budgetary statement includes a reconciliation of unreserved fund balance between "Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses" on the budgetary basis and the GAAP basis.

3. OTHER ACCOUNTING ISSUES

A. Accounting and Reporting Changes

The State made changes in its accounting and reporting practices to enhance conformance with GAAP. Except for the changes highlighted below, all changes reported in the accompanying financial statements that resulted in the restatement of beginning fund equity were made to correct errors of prior periods.

Effective in fiscal year 1996, statute requires that certain tax revenues collected by the State and required to be distributed to local government entities be accounted for in a fiduciary fund instead of the state special revenue fund. As a result of the change, approximately \$14.849 million and \$61.860 million in tax revenues previously accounted for in the state special revenue fund were accounted for in the agency fund and expendable trust fund, respectively.

The State implemented GASB Statement 24 - Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. The implementation of GASB 24 resulted in the recording of \$58.8 million in food stamp receipts and disbursements and \$23.5 million in food stamp inventory and deferred revenue in the federal special revenue fund that had not been reported within the financial statements in prior years. In addition, the receipt and distribution of \$57.5 million in federal assistance to the schools and \$0.3 million in Taylor Grazing fees was accounted for in the federal special revenue fund rather than the agency fund type, as in prior years. These federal grant monies could no longer be accounted for as "pass-through" per GASB 24.

The State implemented GASB Statement 25 - Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and GASB Statement 27 - Accounting for Pensions by State and Local Governmental Employers. The implementation of these two statements resulted in the recording of a prior period adjustment of \$321.9 million in the pension trust funds and \$242.5 million in the component unit pension trust fund in order to restate beginning fund balance as a result of recording investments at market rather than cost.

B. Other

The Benefits/Claims expenditure amount of \$(54.522) million reported in the Component Units column in the combined proprietary fund operating statement consists of the amount of benefits paid and the actuarially determined change in estimated claims liability for the State Compensation Insurance (New Fund) and State Compensation Insurance (Old Fund). The amounts for each fund are broken down as follows:

	<u>STATE COMPENSATION INSURANCE</u>	
	<u>NEW FUND</u>	<u>OLD FUND</u>
Benefit and Loss Adjustment Exp.	\$ 71,527	\$ 22,257
Decr. in Actuarially Estimated Claims	<u>(101,360)</u>	<u>(46,946)</u>
Total Benefits/Claims	<u>\$ (29,833)</u>	<u>\$(24,689)</u>

4. CASH/CASH EQUIVALENTS AND INVESTMENTS

This footnote details the following balance sheet classifications (in thousands):

Cash/Cash Equivalents	\$ 1,502,629
Equity in Pooled Investments	\$ 4,133,291
Investments	\$ 1,187,334

Carrying amounts and market values (Bank Balance for Cash Deposits) for the State's cash/cash equivalents and investments are presented in Tables 1 through 4. Information in Tables 3 and 4 does not tie directly to the amounts reported in the GPFS since certain funds' investments and equity in pooled investments are reported at market value in the GPFS as required by GASB Statement 25 while other funds' investment amounts are reported at book value.

A. General

(1) Cash and cash equivalents consist of funds deposited by individual funds in the State Treasurer's pooled cash account, cash deposits in checking accounts, cash invested in the Short Term Investment Pool, undeposited cash held by individual state agencies, and investments categorized as cash equivalents.

Cash deposited with the State Treasurer's pooled cash account is invested by the Montana Board of Investments (BOI) in short term securities and other investments. Because these funds are immediately available to the individual funds, their investment in the pooled cash account is reported as a cash equivalent. In addition to the State Treasurer's pooled cash account there is a short term investment pool (STIP) maintained by the BOI. This investment fund provides individual state agencies and local governments an opportunity to invest excess cash in a money market fund. Because these pooled funds are invested in short term, highly liquid investments, the individual funds' investment in the STIP are reported as a cash equivalent.

Deposits with financial institutions are categorized to indicate the level of risk assumed by the State. **Category 1** consists of deposits that are insured or collateralized with securities held by the state or by its agent in the state's name. **Category 2** consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the state's name. **Category 3** deposits are uncollateralized. The State's Cash Deposits are categorized in Table 1.

The State's cash equivalents and investments are categorized to indicate the risk level assumed by the State in Table 2 - Cash Equivalents, Table 3 - Equity in Pooled Investments and Table 4 - Investments to disclose the level of risk assumed by the State at fiscal year-end.

Category 1 includes investments that are insured or registered securities held by the State or its agent in the State's name. **Category 2** includes uninsured and unregistered investments in which the securities are held by the counterparty's trust department or agent in the State's name. **Category 3** includes uninsured and unregistered investments in which the securities are held by the counterparty, or by its trust department or agent, but not in the State's name. None of the State's cash equivalents or investments are classified in Category 3 at fiscal year-end.

(2) The State invests in certain types of securities including asset-backed securities, variable-rate instruments, zero coupon bonds, preferred stocks (convertible equity securities), and mortgage-backed securities in addition to other long term investment securities to provide a diversified investment portfolio and an overall competitive rate of return. All securities are reported by investment portfolio and type in Table 2 - Cash Equivalents, Table 3 - Equity in Pooled Investments, and Table 4 - Investments.

Asset-backed securities represent debt securities collateralized by a pool of non-mortgage assets such as trade and loan receivables, equipment leases, credit cards, etc.. These securities have less credit risk than do securities not backed by pledged assets, while market risk for asset-backed securities is the same as market risk for similar non asset-backed securities.

Variable-rate instruments pay a variable rate of interest until maturity. The variable rate floats with the 91 day treasury bill or the London Interbank Offered Rate (LIBOR). Variable-rate instruments have credit risk identical to similar fixed-rate securities; however, their market risk (income) is more sensitive to interest rate changes. Their market risk (value/price) may be less volatile than fixed-rate securities because their value will usually remain near par as a result of interest rates being periodically reset to maintain a current market yield.

Zero Coupon Bonds and Preferred Stocks include securities whose structure differs from the basic convertible security structure. These include PENs (Participating Equity Notes), PERCs (Preferred Equity Redemption Coupons), DECS (Dividend Enhanced Common Stock) and ACES (Automatically Convertible Equity Securities). PENs are corporate bonds offering the investor a choice at maturity of receiving the greater of the bond's par value or the value of a preset ratio of an established index. PERCs reflect an investor's acceptance of a cap in a security's price appreciation in exchange for a higher income yield. DECS and ACES are issued, and traded, at a premium to the underlying common stock in exchange for a higher dividend yield. The State's investment policy requires convertible debt and zero coupon bonds to be rated at a specific level at time of purchase as a credit risk control measure. These securities carry market risk and the potential for change in market value. Market value changes may occur due to interest rate changes, declines in the value of underlying common stock, or the triggering of a call feature and other factors.

Mortgage-backed securities reflect participation in a pool of residential mortgages. These securities include structured financial instruments known as REMICs (Real Estate Mortgage Investment Conduits). Some REMICs are principal-only strips (POS) and interest-only strips (IOS). These securities are based on the cash flows from the principal and interest payments on underlying mortgages, respectively. These securities have credit risk as measured by major credit rating services. The State's investment policy requires these investments to be rated "investment grade" at the time of purchase. Market risk for these securities is caused by changes in the price or principal value of the securities due to changes in interest rates.

With the exception of the S & A Restaurants Corp., there are no legal risks, as of June 30, 1996, that the State is aware of regarding any investments. As of June 30, 1996, S & A Restaurants Corp. was restructuring its debt. Due to possible bankruptcy if the restructuring was not completed, the State discontinued accruing income on this security effective February 15, 1996. On August 1, 1996, the company completed its corporate debt restructuring. On August 15, 1996, the Board of Investments received interest due for February 15 through August 14, 1996. Given the restructuring and receipt of the August 15, 1996 payment, the state permitted the security to accrue income. At amortized cost, the Trust Fund Bond Pool (TFBP) and Retirement Fund Bond Pool (RFBP) own \$4,000,000 and \$11,000,000, respectively, of S & A Restaurants Corp., 11.15% First Mortgage Bonds, maturing August 15, 1998. These bonds are backed by U.S. government securities.

As of June 30, 1995, the El Paso Electric Company, presented a legal risk to the State. This legal risk was reported in the June 30, 1995, CAFR financial statements. El Paso Electric Company declared bankruptcy in January 1992. Per the January 1992 bankruptcy order, the company paid its monthly interest payments. In 1995, the company began merger negotiations with another company. In June 1995, these negotiations ceased. Effective June 1995, the First Mortgage bond holders were notified the June monthly interest payment and subsequent interest payments would not be paid until further notice. On September 8, 1995, the Board received \$35,164, in interest for June 1 through August 31, 1995. The June 30, 1995, par value, plus accrued interest and premium, was paid in full on February 26, 1996.

(3) Under a security lending agreement with the State's agent, all of the State's investments may be loaned. The agent must maintain collateral equal to 102% of the market value of the securities on loan. The State retains all rights and risks of ownership for the loaned securities.

B. Cash/Cash Equivalents

(1) Cash Deposits - The State requires collateralization based on the average daily bank balance in the depository bank holding the main State bank account. For other depository banks, State statutes require collateralization at 50% of the bank balance. The Cash Deposit amounts include both Primary Government and Component Unit deposits.

TABLE 1 - CASH DEPOSITS (In Thousands)

<u>Risk Category</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fund</u>
1 Insured (FDIC)	\$ 1,228	\$ 1,228	Various
Collateral held by State/State's agent	16,389	16,389	Various
2	9,652	9,652	Various
3	13,580	13,580	Various
Uncategorized:			
Undeposited Cash	368		
Cash in U.S. Treasury	111,965		
Less: Outstanding Warrants	<u>(45,931)</u>		
TOTAL CASH DEPOSITS	<u>\$107,251</u>		

As of June 30, 1996, the carrying amount of deposits for component units was \$42,923,430 and the bank balance was \$42,678,986. Of the bank balance, \$42,657,908 was fully insured or collateralized with securities held by the component units or their agent's in the unit's name and \$21,078 was collateralized with securities held by the pledging institution's trust department or its agent in the respective component unit's name.

(2) Cash Equivalents - consists of cash in the State Treasury invested by individual funds in the Short Term Investment Pool (STIP) and the Treasurer's Cash Pool in identifiable securities and investments considered to be cash equivalents. Cash equivalents, except for the Housing Authority in the Component Unit Proprietary Fund, generally are short-term, highly liquid investments with original maturities of three months or less. The Housing Authority considers cash and cash equivalents to be cash held by the state treasurer, other cash deposits, and mortgage payments in transit. Cash equivalents may be under the control of the Board of Investments (the Board) or other agencies, as allowed by law.

TABLE 2 - CASH EQUIVALENTS (In Thousands)

	<u>Risk Categories</u>		<u>Carrying Amount</u>	<u>Market Value</u>	<u>Fund</u>
	<u>1</u>	<u>2*</u>			
Asset-Backed Securities	\$ 234,352	\$ -	\$ 234,352	\$ 234,329	Various
Bankers' Acceptances	59,929	-	59,929	59,920	Various
Commercial Paper	35,550	-	35,550	35,545	Various
Corporate Obligations	173,248	-	173,248	172,891	Various
Government Securities	253,878	177,124	431,002	429,155	Various
Repurchase Agreements	100,000	-	100,000	100,000	Various
Variable-Rate	311,174	-	311,174	311,229	Various
Direct Investments:					
Money Markets			45,678	45,678	Various
Guaranteed Investment Contracts			4,439	4,439	Various
Other			<u>6</u>	<u>6</u>	Various
TOTAL CASH EQUIVALENTS			<u>\$1,395,378</u>	<u>\$1,393,192</u>	

* At June 30, 1996, these securities with a market value of \$175,993,091 were loaned under a security lending agreement with the State's agent.

As of June 30, 1996, local governments invested \$299,714,087 in the STIP.

As of June 30, 1996, component units of the State of Montana had investments in cash equivalents with a book value and market value of \$209,110,851.

C. Equity in Pooled Investments - Consists of investments held by pooled investment funds. The Montana Common Stock Pool (MONTCOMP), Trust Fund Bond Pool (TFBP), and Retirement Funds Bond Pool (RFBP) were created to allow qualifying funds to participate in diversified investment pools. Participation is restricted to expendable trust, nonexpendable trust, pension trust and higher education endowment and trust funds. Purchases are subject to statutory restrictions for quality and size of holdings.

TABLE 3 - EQUITY IN POOLED INVESTMENTS (In Thousands)

	Risk Categories		Carrying	Market
	1	2*	Amount	Value
MONTCOMP:				
Corporate Stocks	\$ 804,353	\$ 118,759	\$ 923,112	\$ 1,236,626
Preferred Stocks	16,638	3,004	19,642	19,446
Convertible Bonds	17,155	901	18,056	17,953
Zero Coupon Bonds	6,964	-	6,964	6,730
TFBP:				
Corporate Asset Backed	25,905	-	25,905	25,799
Corporate Stocks	449,126	8,821	457,947	467,026
US Govt. Mortgage Backed	50,404	-	50,404	49,759
US Govt. Direct	42,215	163,661	205,876	207,458
Yankee Bonds	53,088	2,070	55,158	57,798
State and Local Government	8,947	-	8,947	8,901
RFBP:				
Corporate Asset Backed	91,334	-	91,334	91,511
Corporate Stocks	819,745	15,367	835,112	848,319
US Govt. Mortgage Backed	115,757	-	115,757	117,302
US Govt. Direct	144,520	338,836	483,356	485,182
Yankee Bonds	107,466	1,276	108,742	111,685
TOTAL EQUITY IN				
POOLED INVESTMENTS	\$2,753,617	\$652,695	\$3,406,312	\$3,751,495

* At June 30, 1996, these securities with a market value of \$661,674,291 were on loan under a security lending agreement with the State's agent.

As of June 30, 1996, component units of the State of Montana had equity in pooled investments with a book value of \$995,304,738 and a market value of \$1,307,012,830.

D. Investments - Long-term investments are primarily administered by three state agencies. Article 8 of Montana's Constitution, with supporting statutes, authorizes the Board of Investments to manage the State's unified investment program. State law specifies which agencies may hold investments outside the administration of the Board. The Board, as the State's primary administrator of long-term investments, actively manages 75% of those investments; the Board of Housing, 14%; and the Department of Administration's Personnel Division, 10% for the State's Deferred Compensation Plan. Additionally, the Higher Education Units manage 1% of total investments for bond related activities.

The Board must employ the "Prudent Expert Rule" in managing the State's investment portfolio. The funds carry equity securities at cost and debt securities at amortized cost. Deferred compensation plan and pension plan investments are carried at market.

The Board of Investments continued to invest in leveraged buyouts and venture capital in fiscal year 1996. The Board's total leveraged buyout commitment, administered by Kohlberg, Kravis, Roberts and Companies, amounts to \$50,000,000. The leveraged buyout invested balance for the pension funds amounted to \$38,869,130 on June 30, 1996.

For the purpose of portfolio diversification, the Board has committed \$27,618,000 for venture capital investments administered by Brinson Partners. The June 30, 1996, venture capital invested balance totaled \$7,591,498 for the Teachers' Retirement and \$9,278,498 for the Public Employees' Retirement systems.

In September 1991, the board committed \$5,000,000 per year for the next five years to invest in mortgage servicing rights. As of June 30, 1996, the invested balance in America's Mortgage Servicing, Inc., totaled \$450,000 for the Teachers' Retirement and \$550,000 for the Public Employees' Retirement systems.

TABLE 4 - INVESTMENTS (RISK CATEGORIES) (In Thousands)

<u>Security Type</u>	<u>Categories</u>		<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>		
PRIMARY GOVERNMENT				
Corporate Bonds	\$ 7,275	\$ 99	\$ 7,374	\$ 7,426
Corporate Asset-Backed	6,974	-	6,974	6,936
Government Securities	23,413	34,526	57,939	69,608
Government Mortgage-Backed	-	-	-	-
Other	700	-	700	734
Total	<u>\$ 38,362</u>	<u>\$ 34,625</u>	<u>\$ 72,987</u>	<u>\$ 84,704</u>

<u>Security Type</u>	<u>Categories</u>		<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>		
COMPONENT UNITS				
Corporate Bonds	\$ 158,372	\$ 7,582	\$ 165,954	\$ 166,776
Corporate Asset-Backed	64,208	-	64,208	63,892
Government Securities	67,816	238,490	306,306	295,125
Government Mortgage-Backed	41,651	-	41,651	41,262
Other	9,437	68,369	77,806	78,568
Total	<u>341,484</u>	<u>314,441</u>	<u>655,925</u>	<u>645,623</u>
TOTAL	<u>\$ 379,846</u>	<u>\$ 349,066</u>	<u>\$ 728,912</u>	<u>\$ 730,327</u>

Direct Investments:

PRIMARY GOVERNMENT

Real Estate		\$ 2,432	\$ 2,519
Commercial Loans		108,447	108,287
Mortgages		84,722	81,909
Other		32,761	46,279
Deferred Compensation		122,528	122,528
Total		<u>\$ 350,890</u>	<u>\$ 361,522</u>

COMPONENT UNITS

Real Estate		\$ 2,432	\$ 2,519
Commercial Loans		2,891	2,779
Mortgages		59,337	57,367
Other		24,686	34,256
Total		<u>89,346</u>	<u>96,921</u>
TOTAL INVESTMENTS		<u>\$1,169,148</u>	<u>\$1,188,770</u>

At June 30, 1996, the Board of Investments had securities in Risk Category 2 with a market value of \$34,714,703 and \$153,686,372 for the primary government and component units, respectively, on loan under a security lending agreement with the State's agent.

5. FIXED ASSETS

Fixed asset valuation is based on actual historical cost or, in the case of donations, fair market value on the date donated. General government infrastructure fixed assets and interest expenditures for general fixed assets are not capitalized. Infrastructure assets of primary government and component unit proprietary activities are capitalized. Interest incurred during the construction of fixed assets for proprietary funds and higher education units is capitalized.

Fixed assets are not depreciated in the General Fixed Asset Account Group. Purchases of such assets are recorded as expenditures in the appropriate governmental fund. Fixed assets in Proprietary, Nonexpendable Trust and Pension Trust Funds are accounted for within their respective funds and are depreciated. Expendable Trust Funds do not report fixed assets within their funds because the assets are purchased by other funds. Depreciation is on a straight-line basis with estimated useful lives of 25 to 60 years for buildings, 20 years for improvements and 3 to 10 years for equipment. Fixed assets and intangible assets for Higher Education units are accounted for in the Investment in Plant Fund and are not depreciated.

Intrafund transfers of fixed assets have not been eliminated in the table below except for the effects of transfers resulting from agency reorganizations in which entire programs and the corresponding fixed assets were transferred to new agencies created from the consolidation of several previously existing agencies. Eliminations due to agency reorganizations were made only for those transfers in which the fixed assets were moved within the same function or activity. Eliminations were not made for transfers resulting from reorganizations in which the fixed assets were moved to a new function or activity. Transfers between functions in the General Fixed Asset Account Group amounted to Land - \$1,091,203, Buildings - \$47,692,448 and Equipment - \$2,629,066.

Changes in fixed asset balances for the fiscal year ended June 30, 1996, are reflected in the following table (in thousands):

PRIMARY GOVERNMENT				
	Balance July 1, 1995	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 1996
PROPRIETARY FUNDS				
Land	\$ 1,036	\$ 102	\$ -	\$ 1,138
Buildings/Improvements	4,487	1,030	78	5,439
Equipment	130,747	12,534	12,007	131,274
Other Fixed Assets	249	1,148	-	1,397
Construction in Progress	448	2,715	2,810	353
Subtotal/Total	<u>136,967</u>	<u>\$ 17,529</u>	<u>\$ 14,895</u>	<u>139,601</u>
Accumulated Depreciation	<u>(76,741)</u>			<u>(76,992)</u>
Total	<u>\$ 60,226</u>			<u>\$ 62,609</u>

	<u>Balance July 1, 1995</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 1996</u>
<u>NONEXPENDABLE TRUST FUNDS</u>				
Land	<u>\$ 49,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,399</u>
<u>PENSION TRUST FUNDS</u>				
Land	\$ 25	\$ -	\$ -	\$ 25
Buildings/Improvements	277	-	-	277
Equipment	105	47	19	133
Subtotal/Total	407	<u>\$ 47</u>	<u>\$ 19</u>	435
Accumulated Depreciation	(184)			(191)
Total	<u>\$ 223</u>			<u>\$ 244</u>
<u>GENERAL FIXED ASSETS ACCOUNT GROUP</u>				
Land	\$ 57,826	\$ 2,967	\$ 1,720	\$ 59,073
Buildings/Improvements	250,856	102,690	60,184	293,362
Equipment	92,468	26,596	13,069	105,995
Other Fixed Assets	44,356	213	131	44,438
Construction in Progress	7,257	1,126	600	7,783
Total	<u>\$ 452,763</u>	<u>\$133,592</u>	<u>\$ 75,704</u>	<u>\$ 510,651</u>
<u>COMPONENT UNITS</u>				
<u>PROPRIETARY FUNDS</u>				
Equipment	\$ 3,468	<u>\$ 355</u>	<u>\$ 19</u>	\$ 3,804
Accumulated Depreciation	(1,240)			(1,736)
Total	<u>\$ 2,228</u>			<u>\$ 2,068</u>
<u>PENSION TRUST FUND</u>				
Land	\$ 35	\$ -	\$ -	\$ 35
Buildings/Improvements	158	-	-	158
Equipment	170	39	1	208
Subtotal/Total	363	<u>\$ 39</u>	<u>\$ 1</u>	401
Accumulated Depreciation	(191)			(214)
Total	<u>\$ 172</u>			<u>\$ 187</u>
<u>HIGHER EDUCATION FUNDS</u>				
Land	\$ 12,397	\$ 896	\$ -	\$ 13,293
Buildings/Improvements	298,232	8,202	2,701	303,733
Equipment	118,729	17,848	9,301	127,276
Other Fixed Assets	70,549	4,377	777	74,149
Construction in Progress	51,579	29,626	334	80,871
Intangible Assets	2,357	264	374	2,247
Total	<u>\$ 553,843</u>	<u>\$ 61,213</u>	<u>\$ 13,487</u>	<u>\$ 601,569</u>

6. RETIREMENT SYSTEMS

DEFINED CONTRIBUTION PLAN

Effective January 1, 1988 through June 30, 1993, eligible employees of the Montana University System (MUS) could elect to participate in the Optional Retirement Program (ORP). The ORP is a defined contribution retirement plan governed by Title 19, Chapter 21 of the Montana Code Annotated. The plan is underwritten by the Teachers' Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and only faculty and staff with contracts under the authority of the Board of Regents may participate. Those faculty and staff members who did not elect the ORP participate in the Teachers' Retirement System, a defined benefit plan discussed in the next section. Beginning July 1, 1993, membership in the ORP is mandatory for eligible employees new to the MUS. The MUS is the only employer contributing to this plan.

The benefits at retirement depend upon the amount of contributions, amount of investment gains and losses and the employee's life expectancy at retirement. Under the ORP, each employee enters into an individual contract with TIAA-CREF. Individuals are immediately vested with all contributions. Higher education units record employee/employer contribution expenditures in the affected higher education subfund when remitting contributions to the Commissioner of Higher Education. These moneys are recorded in the Custodial Accounts Agency Fund. The Commissioner's Office then wire transfers the contributions to TIAA-CREF. The MUS is not liable for asset management or for providing benefits after the required contributions have been made to TIAA-CREF. Approximately 1,431 employees are members of the ORP. Required employee contributions are 7.044% of salary and required employer contributions are 4.956% of salary for a total of 12% of salary contributed to the ORP.

	TIAA-CREF (in thousands)
Covered Payroll	\$ 48,236
Total Payroll	190,527
Employer Contributions	\$ 2,391
Percent of Covered Payroll	4.956%
Employee Contributions	\$ 3,398
Percent of Covered Payroll	7.044%

DEFINED BENEFIT PLANS

A. General

The Public Employees' Retirement Division administers eight defined benefit plans - Public Employees' Retirement System (PERS), Highway Patrol Officers' Retirement System (HPORS), Judges' Retirement System (JRS), Game Wardens' Retirement System (GWRS), Sheriffs' Retirement System (SRS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and Volunteer Firefighters' Compensation Act (VFCA). The division prepares a publicly issued financial report that includes financial statements and required supplementary information for PERS, HPORS, JRS, GWRS, SRS, MPORS, FURS, and VFCA. That report may be obtained by writing to the Department of Administration, Public Employees' Retirement Division, P.O. Box 200131, Helena, Montana 59620-0131.

The Teachers' Retirement Division administers one defined benefit plan - Teachers' Retirement System (TRS). The publicly issued financial report that includes financial statements and required supplementary information for TRS may be obtained by writing to the Department of Administration, Teachers' Retirement Division, P.O. Box 200139, Helena, Montana 59620-0139.

PERS, HPORS, JRS, GWRS, SRS, MPORS, FURS and VFCA are considered part of the state of Montana's financial reporting entity and are included in the accompanying financial statements as pension trust funds in the trust and agency fund type.

TRS is considered part of the state of Montana's financial reporting entity and is included in the accompanying financial statements as a discretely presented component unit Pension Trust Fund.

A summary of government employers participating in PERS, SRS, MPORS, FURS and TRS by employer type at June 30, 1996 follows:

Retirement System					
	PERS	SRS	MPORS	FURS	TRS
Employers					
State Agencies	38				6
Counties	55	55			
Cities/Towns	86		19	14	
Colleges/Universities	6				13
School Districts	232				396
Other	75				
Total	492	55	19	14	415

B. Plan Descriptions

The State contributes to and/or administers eight retirement systems and one pension plan in four categories: (1) the State as the single employer; (2) the State as an employer contributor to cost-sharing multiple-employer plans; (3) the State as a nonemployer contributor to cost-sharing multiple employer plans; and (4) the State as a nonemployer contributor.

The number of years required to obtain vested rights varies among the systems. All systems provide early retirement options, death benefits, termination (except VFCA) and disability benefits. All systems (except VFCA) provide post-retirement benefits. Post-retirement benefits for the GWRS, PERS, TRS and SRS are based on investment yield, retirees' total years of service, age and option chosen at the time of retirement. Post-retirement adjustments are made only in years when funding is available and do not increase the unfunded liability of the system. The post-retirement benefits of each of the remaining systems are included in the plan descriptions below.

The funding policies for each system provide for periodic employer and employee contributions (except VFCA) at rates specified by state law; contribution requirements are not actuarially determined. An actuary determines the actuarial implications of the funding requirement in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both normal cost and amortization of the unfunded accrued liability determined as a level percentage of payroll. To maintain a fund on an actuarially sound basis, the rate of contributions should fund the normal cost in addition to amortizing the unfunded liability over a period not to exceed 40 years.

(1) State as the Single Employer

HPORS - Highway Patrol Officers' Retirement System - This system, established in 1971 and governed by Title 19, Chapters 2 & 6 of the Montana Code Annotated (MCA), provides retirement benefits for all uniformed members of the Montana Highway Patrol, including supervisory personnel. Member and State contributions are 9% and 36.28%, respectively, of total salaries of active highway patrol officers. For members hired on or before July 1, 1985, there is no minimum age, but minimum service is 20 years for benefit eligibility. A member hired after July 1, 1985, must be 50 years old and have 20 years of creditable service for benefit eligibility. The service retirement benefit is based on a formula of 2.5% times the number of years of service times the final average salary. Post-retirement benefits are in the form of minimum benefit supplements which ensure the retiree's benefit is no less than 2% of a probationary highway patrol officer's salary for each year of the retiree's service, with the annual increase not to exceed 5% of the benefit. Members retired prior to July 1, 1991, who are at least age 55 and have been retired a minimum of five years, will also receive a lump sum payment. This lump sum payment is funded by a registration fee of 25 cents per vehicle license. Rights are vested after five years of service.

JRS - Judges' Retirement System - This system, established in 1967 and governed by Title 19, Chapters 2 & 5 of the MCA, provides retirement benefits for all district court judges, justices of the Supreme Court, and the Chief Water Judge. Members contribute 7% of their salary and the State contributes 6% of active judges' salaries, district court fees equal to 34.71% of members' salaries, and 25% of Supreme Court fees. For benefit eligibility, minimum service is 5 years and minimum age is 65. The monthly retirement benefit formula is $3\frac{1}{3}\%$ times the number of years of service (to a maximum of 15 years) times $\frac{1}{12}$ the current annual salary, plus 1.785% of such salary for each year of service after 15 years. JRS retirees receive increases in benefits at the same rate as salary increases are granted to active members through legislative action. Rights are vested after five years of creditable service. The current actuarial valuation indicates a material increase in retirees which increases the inactive liability resulting in a longer period of time being required to fund that liability. During the year ended June 30, 1996, actual contributions did not cover the year's normal cost.

GWRS - Game Wardens' Retirement System - This system, established in 1963 and governed by Title 19, Chapters 2 & 8 of the MCA, provides retirement services for all persons employed as a game warden, including all supervisory personnel. The member contributes 7.9% of salary and the State contributes 8.15% of active game wardens' salaries, plus all collections from fines and forfeited bonds related to fish and game law violations. For benefit eligibility, minimum age is 50 and minimum years of service are 20. A member may retire with ten years of service at age 55. The yearly retirement benefit formula is 2% times the number of years of service times the final average salary. Investment earnings in excess of 8%, if any, are used to provide post-retirement increases. Rights are vested after ten years of service.

(2) State as an Employer Contributor to a Cost-Sharing Multiple-Employer

PERS - Public Employees' Retirement System - This mandatory system, established in 1945 and governed by Title 19, Chapters 2 & 3 of the MCA, provides retirement services to substantially all public employees not covered by another public system. The contribution rate is 6.70% of gross wages for both employees and employers. Benefit eligibility is age 60 with at least 5 years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. Monthly retirement benefits are determined by taking the greater of: (1) $\frac{1}{56}$ times the number of years of service times the final average salary times any early retirement reduction if necessary or (2) a monthly annuity that is the actuarial equivalent of twice the member's accumulated regular contributions. Investment earnings in excess of 8%, if any, are used to provide post-retirement increases based on members' years of service, age and option chosen at the time of retirement. Members' rights are vested after 5 years of service.

TRS - Teachers' Retirement System - This mandatory system, established in 1937 and governed by Title 19, Chapter 20 of the MCA, provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, or unit of the university system. Member and employer contributions are 7.044% and 7.47%, respectively, of gross salaries. Eligibility is met with a minimum of 25 years of service or age 60 with 5 years of creditable service. The formula for annual benefits is $\frac{1}{60}$ times creditable service years times the final average compensation. Rights are vested after five years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits.

SRS - Sheriffs' Retirement System - This system, established in 1974 and governed by Title 19, Chapters 2 & 7 of the MCA, covers all sheriffs, as well as all State Department of Justice investigators hired after July 1, 1993. The member contribution is 7.865% of salary; the employer contribution is 8.535% of salary. Minimum years of service for normal service retirement eligibility are 20. The service retirement benefit is calculated at 2.0834% of the final average salary for each year of creditable service. Reduced benefits for early retirement may be taken with a minimum of 15 years of service and a minimum age of 50. Investment earnings in excess of 8%, if any, are used to provide post-employment increases. Rights are vested after 5 years of service if involuntarily terminated, and after 15 years if termination is voluntary.

(3) State as a Nonemployer Contributor to a Cost-Sharing Multiple-Employer

MPORS - Municipal Police Officers' Retirement System - The system, established in 1975 and governed by Title 19, Chapters 2 & 9 of the MCA, covers all municipal police officers of cities covered by the plan. The member contribution is 7.8% of salary for members employed prior to July 1, 1975; 9% of salary for members employed after June 30, 1975, and prior to July 1, 1979; and 10.5% of salary for members employed after June 30, 1979. City contributions are 14.36% of active police officers' salaries. The State contributes 15.66% of active police officers' salaries. The State's contribution is funded from the premium tax on motor vehicle property and casualty insurance policies. Minimum years of service are 10 for benefit eligibility at age 50, or 20 years of service at any age. The service retirement benefit is 2.5% times the number of years of service times the final average salary. The post-retirement benefit is the amount needed to ensure that the retiree's benefit is no less than 50% of the base salary of a newly confirmed police officer. These post-retirement benefits are paid directly by the insurance premium tax fund and are in addition to the actuarially determined contributions to the system. Rights are vested after ten years of service.

FURS - Firefighters' Unified Retirement System - This system, established in 1981 and governed by Title 19, Chapters 2 & 13 of the MCA, provides retirement benefits for all paid firefighters. The member contribution is 7.8% of base compensation, and city contributions are 14.36% of total annual compensation. The State contribution is 24.21% of total annual compensation for all firefighters and is paid out of the insurance premium tax fund. Minimum age is 50 and minimum service is 10 years for benefit eligibility. For members hired prior to July 1, 1981, with at least 20 years of service, the monthly service retirement benefit is equal to $\frac{1}{2}$ of the final monthly compensation received plus an additional 2% for each year in excess of 20 years. Members hired on or after July 1, 1981 receive a service retirement benefit equal to 2% of final average salary for each year of service. Post-retirement benefits require that each retiree receive at least 50% of the salary paid a newly confirmed active firefighter. The cost of this adjustment for members retired prior to July 1, 1973 and for members hired on or after July 1, 1981 is paid from the fire insurance premium tax fund, provided funds are available. Rights are vested after ten years of service.

(4) State as a Nonemployer Contributor

VFCA - Volunteer Firefighters' Compensation Act - This compensation program, established in 1965 and governed by Title 19, Chapter 17 of the MCA, provides medical benefits and pension, disability and death benefits for all volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas of the state. The State contribution is 5% of fire insurance premium taxes collected. This retirement system is required by law to be fully funded and cannot pay benefits unless money is available. Rights are vested after 10 years of qualified service.

C. Summary of Significant Accounting Policies

The defined benefit plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

D. Method Used to Value Investments

The Montana Board of Investments (BOI) manages the investments for the retirement systems. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value. These values are based on market prices supplied to the BOI by its custodial bank, State Street Bank, and various pricing services. The retirement systems have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the retirement systems' net assets available for benefits.

E. Long-Term Contracts for Contributions

The Public Employees' Retirement System has outstanding contributions for two early retirement programs:

The 1993 Montana Legislature enacted House Bill 517--Retirement Incentive Program (RIP) providing PERS members (eligible for a service retirement) an incentive to terminate between June 25, 1993 and December 31, 1993. Local government employers participated through election on or before June 1, 1993. The employer purchased, on the member's behalf, up to three years of "1-for-5" additional service for any retirement eligible member who terminated employment during the window. A total of 898 members took advantage of the program (630 from 32 state agencies, 95 from 6 universities, and 173 from 48 local government agencies).

The 1995 Montana Legislature provided a new provision of the Employee Protection Act (HB 490) allowing state employees (eligible for a service retirement) whose positions have been eliminated on or before June 30, 1997 to have their employer purchase up to three years of "1-for-5" additional service. As of June 30, 1996, 50 employees have taken advantage of this provision.

The employer has up to 10 years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. Total retirement incentive contributions received (including interest) during fiscal year 1996 were \$590,937. Fiscal Year 1996 outstanding balances were \$834,735 (HB 517), and \$50,403 (HB 490).

F. Actuarial Data

Actuarial valuations are performed every two years. Hendrickson, Miller & Associates Inc., Helena, MT, prepared the actuary reports for the retirement systems, excluding TRS. Milliman & Robertson, Inc., of Seattle, WA., performed the actuarial valuation for TRS.

G. Net Pension Obligation

Judges' Retirement System (JRS) net pension obligation (NPO) for fiscal year 1996 (in thousands):

Annual required contribution	\$ 1,165
Interest on NPO	192
Adjustment to the annual required contribution	<u>(265)</u>
Annual pension cost	1,092
Contribution made	<u>(752)</u>
Increase in NPO	340
NPO beginning of year	<u>2,398</u>
NPO end of year	<u>\$ 2,738</u>

H. Funding Policy and Annual Pension Cost

The following tables provide information concerning funding policies and annual pension costs (in thousands):

Single Employer Systems			
	HPORS	JRS	GWRs
Annual pension cost	\$ 3,163	\$ 1,092	\$ 457
Contributions			
Employer	\$ 1,632	\$ 174	\$ 230
Employee	621	203	227
License and Registration fees	910	-	-
Court fee	-	614	-
Actuarial valuation date	7/01/96	7/01/96	7/01/96
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of total salaries, open	Level percentage of total salaries, open	Level percentage of total salaries, open
Remaining amortization period	20.4	15.82	None
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial Assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases (includes inflation factor)	6.00%	6.00%	6.00%
Postretirement benefit increases	None	None	None

Single Employer Systems			
Year Ending	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation
HPORS			
06/30/96	\$ 3,163	100%	NONE
JRS			
06/30/96	\$ 1,092	90.75%	\$2,738
GWRs			
06/30/96	\$ 457	100%	NONE

Multiple Employer Systems			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
PERS			
06/30/94	\$ 88,957	100%	NONE
06/30/95	80,653	100%	NONE
06/30/96	85,405	100%	NONE
MPORS			
06/30/94	\$ 5,404	100%	NONE
06/30/95	6,382	100%	NONE
06/30/96	6,388	100%	NONE
FURS			
06/30/94	\$ 5,099	100%	NONE
06/30/95	5,605	100%	NONE
06/30/96	6,118	100%	NONE
SRS			
06/30/94	\$ 2,396	100%	NONE
06/30/95	2,599	100%	NONE
06/30/96	3,096	100%	NONE
TRS			
06/30/94	\$ 77,913	100%	NONE
06/30/95	76,855	100%	NONE
06/30/96	79,801	100%	NONE

I. Schedules of Funding Progress

Single Employer Systems						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AA L) Entry Age (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
HPORS						
07/01/92	\$33,711	\$57,447	\$23,736	58.68%	\$5,575	425.74%
07/01/94	40,466	63,327	22,861	63.90%	5,650	404.60%
07/01/96	47,325	67,709	20,384	69.90%	6,242	326.57%
JRS						
07/01/92	\$17,354	\$20,432	\$ 3,078	84.94%	\$2,502	123.00%
07/01/94	21,281	23,171	1,890	91.84%	2,777	68.06%
07/01/96	24,944	27,723	2,779	89.98%	2,907	95.61%
GWRS						
07/01/92	\$13,925	\$14,608	\$ 682	95.33%	\$2,466	27.68%
07/01/94	16,297	16,389	92	99.44%	2,494	3.70%
07/01/96	18,160	17,325	-	104.82%	2,762	-

Multiple Employer Systems						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
PERS						
07/01/92	\$1,133,202	\$1,410,298	\$277,097	80.35%	\$548,153	50.55%
07/01/94	1,366,864	1,625,720	258,856	84.08%	572,974	45.18%
07/01/96	1,629,706	1,826,207	196,500	89.24%	608,592	32.29%
MPORS						
07/01/92	\$ 44,048	\$ 79,398	\$ 35,351	55.48%	\$ 11,403	310.02%
07/01/94	56,209	90,507	34,298	62.10%	13,395	256.05%
07/01/96	70,068	105,664	35,596	66.31%	15,828	224.90%
FURS						
07/01/92	\$ 44,159	\$ 100,607	\$ 56,449	43.89%	\$ 10,883	518.68%
07/01/94	54,647	113,153	58,506	48.29%	12,424	470.90%
07/01/96	67,745	131,111	63,366	51.67%	13,783	459.75%
SRS						
07/01/92	\$ 44,114	\$ 34,260	-	128.76%	\$ 13,688	-
07/01/94	55,220	42,978	-	128.48%	15,869	-
07/01/96	68,647	52,751	-	130.13%	17,890	-
TRS						
07/01/92	\$ 954,542	\$1,533,883	\$579,341	62.2%	\$465,063	124.5%
07/01/94	1,157,512	1,712,933	555,421	67.6%	472,860	117.4%
07/01/96	1,376,716	1,939,569	562,853	71.0%	501,466	112.3%

Nonemployer Contributor						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AA L) Entry Age (b)	Unfunded AAL(UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
VFCA						
07/01/93	\$ 8,760	\$15,211	\$6,451	57.59%	N/A	N/A
07/01/96	11,504	16,636	5,132	69.15%	N/A	N/A

7. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, Retirement Systems, the following postemployment benefits are provided:

The State provides 18 to 36 months optional postemployment health care benefits in accordance with Public Law 99-272, known as the Federal Consolidated Omnibus Reconciliation Act (COBRA) to the following employees and dependents who elect to continue and pay administratively established premiums: (1) employees who are receiving employee health care benefits at the time they discontinue State employment and (2) dependents who lose dependent eligibility. At June 30, 1996, 114 individuals were receiving these benefits.

In accordance with section 2-18-704, MCA, the State also provides optional postemployment health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Retirement eligibility criteria differ by retirement system (See Note 6). Administratively established premiums vary between \$97 and \$306 per month depending on the medical plan selected, family coverage and Medicare eligibility. The State acts as secondary payor for Medicare-eligible claimants. As of June 30, 1996, 2,790 retirees were receiving health care benefits.

The State reimburses all validated medical claims less member obligations (annual deductibles and co-payments of the members' selected medical plan). Dental claims are reimbursed at 50% to 100% depending on the services provided. The State funds claims on a pay-as-you-go basis. During the fiscal year, expenditures of \$9,562,328 were recognized for postemployment health care benefits. Premium contributions received from former employees amounted to \$7,142,284 leaving \$2,420,044 of claims in excess of premium revenue that was paid by the State.

In accordance with 2-18-702, MCA, the Montana University System (MUS) provides postretirement health insurance benefits to eligible employees who receive a retirement benefit from the Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS), or an annuity under the Optional Retirement Plan (ORP). Spouses, unmarried dependent children, and surviving spouses are also eligible. Administratively established premiums vary between \$120 and \$338 per month and are revised annually. Medicare eligible plan members are assumed to be Medicare-insured. After an annual \$250 deductible, MUS reimburses 80% of the first \$3,000 in medical claims and 100% thereafter. The plan automatically reduces claim reimbursements for members eligible for Medicare even if the member is not enrolled in Medicare. As of June 1996, 1,193 retirees are enrolled in the MUS plan. Funding for the retiree health plan is on a pay-as-you-go basis. Based on amounts recorded through June 1996, estimated expenditures of \$2,636,934 were recognized for postemployment health care benefits. Of this amount, \$2,342,793, was covered by premiums paid by retirees and \$294,141 was paid by the MUS.

8. DEFERRED COMPENSATION PLAN

Since 1976, the State of Montana has offered a deferred compensation plan which allows employees to set aside a portion of their salary each payday towards retirement while deferring the State and Federal income taxes until future years. The payroll deferrals are invested with Nationwide Insurance. All employees of the State are eligible to participate. The plan operates under the sanction of both State and Federal laws (Title 19, Chapter 50, MCA, and Section 457 of the Internal Revenue Code). The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. In the past, the plan assets have been used for no purpose other than to pay benefits. The State believes it is unlikely it will use the assets to satisfy the claims of general creditors in the future because of the contractual arrangement with Nationwide Insurance and the State's obligation to participants for their account balance. State statute provides that the State and its political subdivisions are not liable for any investment losses incurred by any eligible deferred compensation plan. However, the State does have the duty of care required of an ordinary prudent investor. As of June 30, 1996, the net assets of the plan available for benefits totaled \$122,607 million.

9. RISK MANAGEMENT

There are two Primary Government public entity risk pools and two Component Unit public entity risk pools that are reported within the Enterprise Fund Type: Primary Government pools include Hail Insurance and Subsequent Injury Funds; Component Unit pools include State Compensation Insurance (New Fund) and State Compensation Insurance (Old Fund). Unpaid claims and claim adjustment expenses are estimated based on the ultimate cost of settling the claims including the effects of inflation and other societal/economic factors. There are three Primary Government Other Than Public Entity Risk Pools reported within the Internal Service Fund Type: Group Employees Comprehensive Medical and Dental Plan, Montana University System (MUS) Group Benefits Plan and Property and Casualty Insurance Plans. In all of these funds there are no significant reductions in insurance coverage from the prior year, nor any insurance settlements exceeding insurance coverage. None of these funds have acquisition costs; therefore, no cost is amortized for the period. These funds use the accrual basis of accounting. By statute, these funds cannot invest in common stock. Investments are recorded at amortized cost. Premiums and discounts are amortized using the straight-line method over the life of the securities.

A. Public Entity Risk Pools

(1) Hail Insurance - Any Montana producer engaged in growing crops subject to destruction or damage by hail may participate in the hail insurance program. The Hail Insurance program issued 2,337 policies during the 1996 growing season. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs and claims paid for hail damage. Depending upon the actuarial soundness of the reserve fund and the damage in a season, producers may receive a refund. Anticipated investment income is considered in computing a premium deficiency of which there is none.

A claim must be submitted to the State Board of Hail Insurance within fourteen days of a loss occurrence. The claim must indicate whether the grain is stemming, in the boot, heading out, in the milk, in the stiff dough, ready to bind, or combine. If beans, peas or other crops are damaged, the growth-stage must also be indicated. Inspection of a crop will occur as promptly as possible after claim receipt. The liability on all insured crops expires after October 1. The insurance only covers loss or damage to growing grain which exceeds 5% destruction by hail.

The fund recorded a liability of \$618,297 based on claims submitted for losses through June 30, 1996. Any crop insurance liability is paid to producers within one year of occurrence; therefore, liabilities are not discounted. The fund has no excess insurance, reinsurance, or annuity contracts.

(2) Subsequent Injury - This fund provides benefits to workers certified as vocationally handicapped who are injured on the job and entitled to benefits under the Workers' Compensation or Occupational Disease Act at the time of injury. The liability of the insurer for payment of compensation benefits is limited to 104 weeks of benefits actually paid. This fund will reimburse the insurer for all benefits paid after this 104 week time period. In Montana, there are 1,947 individuals certified as vocationally handicapped.

Workers' compensation insurance premium experience modification factors are influenced by the 2 year limitation and employers may experience an insurance premium reduction. Therefore, this fund provides employers with a potential incentive for hiring the certified vocationally handicapped.

This fund makes no provision for insured events of the current year. All Montana insurers are annually assessed an amount of up to 5% of each insurer's compensation payments for the previous fiscal year. An estimated liability is recorded based on a projected cost (case-by-case) analysis of each injured, certified, vocationally handicapped worker. As of June 30, 1996, the amount of this liability is estimated to be \$1,022,177.

(3) State Compensation Insurance (New Fund) - Liability coverage to employers for injured employees who are insured under the Workers' Compensation and Occupational Disease Acts of Montana and workers' compensation claims occurring on or after July 1, 1990, are reported in the New Fund. The New Fund must insure any employer who desires coverage. At fiscal year-end, approximately 25,403 employers were insured with the New Fund. Montana state governmental agencies must obtain their workers' compensation coverage through the New Fund. Anticipated investment income is considered for computing a premium deficiency and employers must pay premiums to the New Fund within specified time frames.

An actuarial study prepared by Tillinghast, a Towers Perrin company, as of June 30, 1996, has estimated liabilities and the ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. Because actual claim costs depend on such complex factors as inflation and changes in the law, claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and societal factors.

A provision for inflation is implicit in the calculation of estimated future claim costs because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. At June 30, 1996, \$402,714,180 of unpaid claims and claim adjustment expenses are presented at their net present value of \$294,477,691. These claims are discounted at an annual rate of 5.75%.

The New Fund uses reinsurance agreements to reduce its exposure to large losses. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the fund as direct insurer. The New Fund did not deduct any claim liabilities related to potential reinsurance recoverable. When the New Fund purchases annuity contracts, the claim is settled in full and on a final basis; all liability of the New Fund is terminated.

Statute requires the New Fund set premiums at least annually at a level sufficient to ensure adequate funding of the insurance program during the period the rates will be in effect.

(4) State Compensation Insurance (Old Fund) - The liability and payment of workers' compensation claims for incidents occurring before July 1, 1990, are reported in the Old Fund. Funding for claim payments is provided by old fund liability taxes (OFLT) imposed on employers' payroll (0.5%), employees' wages (0.2%) and sole proprietors and subchapter S shareholders' distributive income (0.2%). The OFLT will provide funding for old fund claims and bond payments (see Note 12 G(3)). An actuarial study prepared by Tillinghast, a Towers Perrin company, as of June 30, 1996, was used to estimate liabilities and the ultimate cost of settling claims that have been reported but not settled and claims that have been incurred but not reported. At June 30, 1996, \$248,802,467 of unpaid claims and claim adjustment expenses are presented at face value. This fund generates little interest earnings, does not discount estimated claims liabilities, and does not compute a premium deficiency (See Note 14).

(5) Changes in Claims Liabilities For the Past Two Years - As indicated above, these funds establish liabilities for both reported and unreported insured events including estimates of future payments of losses and related claim adjustment expenses. The following tables present changes (in thousands) in those aggregate liabilities during the past two years. All information in these tables is presented at face value and has not been discounted.

<u>Primary Government</u>	<u>HAIL INSURANCE</u>		<u>SUBSEQUENT INJURY</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 643	\$ 708	\$ 1,039	\$ 968
Incurred claims and claim adjustment expenses:				
Provision for insured events of the current year	3,116	1,023	-	-
Increase (Decrease) in provision for insured events of prior years	4	(350)	333	165
Total incurred claims and claim adjustment expenses	3,120	673	333	165

<u>Primary Government</u>	<u>HAIL INSURANCE</u>		<u>SUBSEQUENT INJURY</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(2,498)	(380)	-	-
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(647)</u>	<u>(358)</u>	<u>(350)</u>	<u>(94)</u>
Total payment	<u>(3,145)</u>	<u>(738)</u>	<u>(350)</u>	<u>(94)</u>
Total unpaid claims and claim adjust. exp. at end of the year	<u>\$ 618</u>	<u>\$ 643</u>	<u>\$1,022</u>	<u>\$ 1,039</u>
<u>Component Units</u>	<u>STATE COMPENSATION INSURANCE (NEW FUND)</u>		<u>STATE COMPENSATION INSURANCE (OLD FUND)</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Unpaid claims and claim adjustment expenses at beginning of year	<u>\$541,374</u>	<u>\$509,020</u>	<u>\$295,749</u>	<u>\$339,485</u>
Incurring claims and claim adjustment expenses:				
Provision for insured events of the current year	102,102	173,327	-	-
Increase (Decrease) in provision for insured events of prior years	<u>(169,235)</u>	<u>(63,249)</u>	<u>(24,688)</u>	<u>(3,795)</u>
Total incurred claims and claim adjustment expenses	<u>(67,133)</u>	<u>110,078</u>	<u>(24,688)</u>	<u>(3,795)</u>
Payments:				
Claims and claim adjustment expenses attributable to insured events of the current year	(15,818)	(18,137)	-	-
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(55,709)</u>	<u>(59,587)</u>	<u>(22,259)</u>	<u>(39,941)</u>
Total payment	<u>(71,527)</u>	<u>(77,724)</u>	<u>(22,259)</u>	<u>(39,941)</u>
Total unpaid claims and claim adjust. exp. at end of the year	<u>\$402,714</u>	<u>\$541,374</u>	<u>\$248,802</u>	<u>\$295,749</u>

(6) Risk Management Trend Information

The following table only presents risk management trend information for the State Compensation Insurance (New Fund). Only the New Fund has a three to five year development cycle contemplated by GASB Statement 10. The State Compensation Insurance (Old Fund) does not charge a premium for its services; its funding source is the old fund liability tax. The Hail Insurance Fund pays claims within a calendar year cycle that parallels the growing season from spring planting to fall harvesting; therefore, it has no three to five year development cycle. State statute limits the payment of claims and the collection of premiums (and penalties) for the Subsequent Injury Fund from any developmental cycle.

The table below illustrates how the earned revenues (net of reinsurance) of the New Fund and its investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the fund as of the end of the fiscal year (in thousands). Section 3 shows the fund's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). Section 4 shows the cumulative amounts paid as of the end of successive years for each policy year. Section 5 shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. Section 6 compares the latest reestimated incurred claims amount to the amount originally established (Section 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. This table will be expanded and revised as data for successive policy years develops.

STATE COMPENSATION INSURANCE (NEW FUND)						
	1991	1992	1993	1994	1995	1996
1. Net earned required contribution and investment revenues	\$ 114,800	\$147,848	\$188,877	\$200,866	\$167,721	\$116,054
2. Unallocated expenses including overhead	6,048	8,232	9,325	9,090	11,303	16,114
3. Estimated incurred claims and expenses, end of policy year	137,237	183,425	186,480	199,890	173,327	102,102
4. Paid (cumulative) as of:						
End of policy year	17,618	20,244	18,347	18,693	18,137	15,818
One year later	44,335	50,576	46,343	45,947	40,473	
Two years later	64,079	68,837	62,717	61,971		
Three years later	74,901	77,950	71,666			
Four years later	81,747	83,173				
Five years later	85,924					
5. Reestimated incurred claims and expense:						
End of policy year	137,237	183,425	186,480	199,890	173,327	102,102
One year later	166,980	184,968	184,030	184,920	124,123	
Two years later	160,272	175,218	167,052	135,472		
Three years later	151,554	161,184	133,017			
Four years later	141,389	135,775				
Five years later	130,250					
6. Increase (decrease) in estimated incurred claims and expense from end of policy year	(6,987)	(47,650)	(53,463)	(64,418)	(49,204)	

B. Other Than Public Entity Risk Pools

(1) Group Employee Comprehensive Medical and Dental Plan - This plan is fully self-insured, with the State assuming all the risk for claims incurred by employees of the State, elected officials, retirees and their dependents. There is no third party coverage. Premiums are collected through payroll deductions, deductions through the Public Employees' Retirement Division and self-payment and are recorded as revenue in the Employees' Group Benefits Internal Service Fund. At June 30, 1996, estimates for claims liabilities, which include incurred but not reported claims, are \$6,958,904 and are based on a formula provided by Martin E. Segal Company, a consulting actuarial firm. A liability is recorded in the accompanying financial statements for these estimated claims.

(2) Montana University System (MUS) Group Benefits Plan - This plan was authorized by the Regents to provide medical, dental, and vision insurance coverage to employees of the Montana University System, the Montana Higher Education Student Assistance Corporation (MHESAC), and the State Bar of Montana, as well as their dependents, retirees, and COBRA members. The MUS Group Benefits Plan is fully self-insured. United of Omaha is the claims administrator on the plan. Managed Care Montana (Blue Cross/Blue Shield of Montana) has a contract for utilization management. The utilization management program consists of hospital pre-authorization, case management and medical necessity review. Premiums are collected from employees through payroll deductions and recorded in the MUS Group Insurance Internal Service Fund. The claims liability is estimated to be \$3,100,000 as of June 30, 1996, based on prior year experience. A liability is recorded in the accompanying financial statements for these estimated claims.

(3) Property & Casualty Insurance Plans - This self-insurance plan provides coverage for general liability, automobile liability, automobile physical damage, retail liquor stores inventory and State-administered foreclosure housing units. The State self-insures the \$150,000 deductible per occurrence for most property insurance as well as various deductible amounts for other state property. The state also self-insures against losses of equipment below \$150,000 of value, with state agencies paying the first \$1,000. Commercial property insurance protects approximately \$1.8 billion of state-owned buildings and contents. The state property insurance includes earthquake and flood protection to \$100 million annually with deductibles of \$1 million for earthquake and \$500,000 for flood per occurrence. Premiums are collected from all State agencies including Component Units and recorded as revenue in the Administration Insurance Internal Service Fund.

A biennial actuarial study, prepared by Tillinghast, a Towers Perrin Company, and issued for the accident period 7/1/88 through 6/30/96, is the basis for estimating the liability for unpaid claims and is supported by historical loss data. The June 30, 1996, estimated claims liability of \$14,979,997, discounted at 14%, includes those claims incurred but not reported and is recorded in the accompanying financial statements (See Note 14).

(4) Changes in Claims Liabilities For the Past Two Years - These funds establish liabilities for both reported and incurred but not reported claims. The following table presents changes in the balances of claims liabilities during the past two fiscal years (in thousands):

	Group Employees Medical & Dental		MUS Group Benefits		Prop. & Casualty Insurance	
	1996	1995	1996	1995	1996	1995
Amount of claims liabilities at the beginning of each fiscal year	<u>\$ 6,760</u>	<u>\$ 6,117</u>	<u>\$ 3,200</u>	<u>\$ 3,200</u>	<u>\$19,329</u>	<u>\$17,421</u>
Incurred claims:						
Provision for insured events of the current year	38,372	35,306	18,264	16,983	5,326	6,584
Increases (Decreases) in provision for insured events of prior years	<u>199</u>	<u>643</u>	<u>(100)</u>	<u>-</u>	<u>(5,418)</u>	<u>(498)</u>
Total incurred claims	<u>38,571</u>	<u>35,949</u>	<u>18,164</u>	<u>16,983</u>	<u>(92)</u>	<u>6,086</u>
Payments:						
Claims attributable to insured events of the current year	(38,372)	(35,306)	(18,264)	(16,983)	(920)	(1,146)
Claims attributable to insured events of prior years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,337)</u>	<u>(3,032)</u>
Total Payments	<u>(38,372)</u>	<u>(35,306)</u>	<u>(18,264)</u>	<u>(16,983)</u>	<u>(4,257)</u>	<u>(4,178)</u>
Total claims liability at end of each fiscal year	<u>\$ 6,959</u>	<u>\$ 6,760</u>	<u>\$ 3,100</u>	<u>\$ 3,200</u>	<u>\$14,980</u>	<u>\$19,329</u>

10. COMMITMENTS

A. Highway Construction - At June 30, 1996, the Department of Transportation had contractual commitments of approximately \$117.4 million for construction of various highway projects. Funding for these highway projects is to be provided from federal grants and matching state special revenue funds.

B. Capital Construction - At June 30, 1996, the Department of Administration, Architecture & Engineering Division, had commitments of approximately \$16.1 million for capital projects construction. The Primary Government will fund \$14.2 million of these projects with the remaining \$1.9 million coming from higher education funds.

C. Proprietary Fund Commitments - Budgets are administratively established in the Enterprise and Internal Service Funds, excluding depreciation, compensated absences and bad debt expense. Appropriations may be committed for goods/services that are not received as of fiscal year-end. These executory commitments are included in unreserved retained earnings in the accompanying financial statements as follows (in thousands):

PRIMARY GOVERNMENT

<u>Enterprise Funds</u>	<u>AMOUNT</u>
Liquor Stores	\$ 17
Hail Insurance	4
State Lottery	58
Uninsured Employers	3
Historical Society Publications	7
Local Government Audits	<u>6</u>
Subtotal-Enterprise Funds	<u>\$ 95</u>
<u>Internal Service Funds</u>	
Highway Equipment	\$ 1,145
ISD	401
FWP Equipment	54
Admin. Property & Supply	66
Publications & Graphics	153
Buildings & Grounds	51
Labor Central Services	5
Commerce Central Services	53
DEQ Indirect Cost Pool	98
PHHS Indirect Cost Plan	46
FWP Warehouse Inventory	9
Aircraft Operation	15
Investment Division	25
OPI Central Services	2
Records Management	5
Admin. DP Unit	<u>2</u>
Subtotal-Internal Service Funds	<u>\$ 2,130</u>
Total-Primary Government	<u>\$ 2,225</u>

COMPONENT UNITS

Housing Authority	\$ 18
State Compensation Insurance (New Fund)	685
Subtotal-Component Units	<u>\$ 703</u>
Total- Proprietary Fund Types-Reporting Entity	<u>\$ 2,928</u>

11. LEASES/INSTALLMENT PURCHASES PAYABLE

The State has entered into various capital and operating leases for land, buildings, equipment and computer software. Lease contracts are required by law to contain a clause indicating continuation of the lease is subject to funding by the Legislature. It is expected that in the normal course of operations most of these leases will be replaced by similar leases.

A. Capital Leases/Installment Purchases - Changes in capitalized leases/installment purchases follow (in thousands):

	Balance July 1, 1995	Additions (Deductions)	Balance June 30, 1996
Primary Government			
General Long-Term Obligations	\$ 1,248	\$ 829*	\$ 2,077
Proprietary Fund Types			
Enterprise Fund	\$ 56	\$ (46)	\$ 10
Internal Service Fund	<u>1,056</u>	<u>1,279</u>	<u>2,335</u>
Total Proprietary	<u>1,112</u>	<u>1,233</u>	<u>2,345</u>
Total-Primary Government	<u>\$ 2,360</u>	<u>\$ 2,062</u>	<u>\$ 4,422</u>
Component Units			
Pension Trust Fund	\$ 87	\$ (56)	\$ 31
Higher Education Funds	<u>2,247</u>	<u>(445)</u>	<u>1,802</u>
Total-Component Units	<u>\$ 2,334</u>	<u>\$ (501)</u>	<u>\$ 1,833</u>
Total Capitalized Leases/ Installment Purchases	<u>\$ 4,694</u>	<u>\$ 1,561</u>	<u>\$ 6,255</u>

*This amount consists of \$1,928,000 of additions as inceptions; \$83,000 of additions as adjustments; and \$1,182,000 as deductions.

Future minimum lease payments under capital leases/installment purchases are as follows (in thousands):

Fiscal Year Ending June 30	Primary Government			Component Units		
	General Long-Term Obligations	Proprietary Fund Types Enterprise	Internal Service	Pension Trust	Higher Education Funds	Totals
1997	\$ 785	\$ 11	\$ 1,102	\$ 33	\$ 788	\$ 2,719
1998	704	-	899	-	654	2,257
1999	509	-	400	-	434	1,343
2000	384	-	119	-	131	634
2001	37	-	-	-	29	66
2002+	-	-	-	-	4	4
Total minimum pmts	\$ 2,419	\$ 11	\$ 2,520	\$ 33	\$ 2,040	\$ 7,023
Less: Interest	<u>(342)</u>	<u>(1)</u>	<u>(185)</u>	<u>(2)</u>	<u>(238)</u>	<u>(768)</u>
Present value of minimum payments	<u>\$ 2,077</u>	<u>\$ 10</u>	<u>\$ 2,335</u>	<u>\$ 31</u>	<u>\$ 1,802</u>	<u>\$ 6,255</u>

B. Operating Leases - Total rental payments for operating leases in fiscal year 1996 were \$6,553,000. Future rental payments for operating leases are as follows (in thousands):

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
1997	\$ 5,872
1998	4,445
1999	3,560
2000	2,242
2001	1,322
2002+	<u>3,698</u>
Total future rental payments	<u>\$ 21,139</u>

12. STATE DEBT

A. General Information - The State has no constitutional limit on its power to issue obligations or incur debt other than a provision that no debt may be created to cover deficits incurred because appropriations exceeded anticipated revenues. The Board of Examiners (consisting of the Governor, Secretary of State and Attorney General) is authorized, pursuant to various enabling acts, to issue bonds and notes of the State.

B. Short-Term Debt - The Board of Examiners, upon recommendation of the Department of Administration, may issue notes in anticipation of the receipt of taxes and revenues. No notes may be issued to refund outstanding notes. The notes must be redeemed by the end of the fiscal year in which issued. The ending cash balance in the General Fund includes \$101.2 million in tax and revenue anticipation notes (TRANS) that were repaid on July 1, 1996. Although statute requires that TRANS be repaid on or before the last day of the fiscal year in which they are issued, June 30, 1996, fell on a Sunday and the TRANS were repaid on the following business day. Had the State repaid the TRANS of \$101.2 million plus accrued interest of \$3.1 million by June 30, 1996, the ending cash balance in the General Fund would have been \$41.7 million which compares to balances in previous years.

The Board of Investments (BOI) of the State of Montana is authorized to issue Municipal Finance Consolidation Act Bonds which may not aggregate more than \$50 million. The purpose of the bonds is to provide funds for the BOI to make loans to eligible local government units. The bonds are not in any way a debt or liability of the State of Montana. The bonds are limited obligations of the BOI payable solely from repayments of principal and interest on loans made by the BOI to participating local government units, investment income under the indenture and an irrevocable pledge by the BOI. The BOI has no taxing power. Bondholders may elect to have their bonds purchased by the Trustee on March 1 of each year until maturity. These issues are considered to be demand bonds and have been reclassified as short-term debt. The amounts issued and outstanding at June 30, 1996, are as follows (in thousands):

<u>Series</u>	<u>Amount</u> <u>Issued</u>	<u>Balance</u> <u>June 30, 1996</u>
1991	\$ 5,000	\$ 4,875
1992	6,500	6,365
1994	7,500	7,355
1995	7,500	<u>7,465</u>
TOTAL		<u>\$26,060</u>

C. Long-Term Debt - The full faith, credit and taxing powers of the State are pledged for the payment of all general obligation debt. Revenue bonds and mortgage bonds are secured by a pledge from the facilities to which they relate and by certain other revenues, fees and assets of the State and the various colleges and universities. Long-term debt (excluding bonds/notes of Enterprise Funds and Internal Service Funds discussed elsewhere in this footnote; Leases - Note 11 and Compensated Absences - Note 1) of the State at June 30, 1996, is as follows (in thousands):

<u>General Obligation Debt</u>	<u>Series</u>	<u>Amount</u> <u>Issued</u>	<u>Interest</u> <u>Range (%)</u>	<u>Principal Payments</u>		<u>Balance</u> <u>June 30, 1996</u>
				<u>Amount</u>	<u>In Year of</u> <u>Maturity (11)</u>	
Long-Range Bldg Program	1985A	\$ 8,550	7.9-8.0	\$ 100	\$150 (2001)	\$ 650
Water Development Program (1)	1988	500	9.4	20	50 (2009)	405
Water Development Program (1)	1989B	500	8.55	15	50 (2010)	425
Water Development Program (1)	1991A	750	8.0-8.2	35	90 (2007)	640
Wastewater Treatment Works	1991B	2,595	5.5-6.8	75	215 (2014)	2,390
GO Refunding	1992	31,330	4.4-6.2	3,295	390 (2010)	8,305
Energy Conservation Program (2)	1993A	1,500	3.6-4.75	135	180 (2004)	1,245
Long-Range Bldg Program	1993B	3,185	3.0-4.25	355	310 (2004)	2,500
Renewable Resource Development(1)	1993C	750	4.25-5.65	65	95 (2004)	630
Long-Range Bldg Program	1994A	22,540	4.2-6.0	760	1,725 (2014)	21,090
Wastewater Treatment Works	1994B	2,200	4.2-6.1	65	180 (2016)	2,200

General Obligation Debt	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 1996
				FY 1997	In Year of Maturity (11)	
Long-Range Bldg Program	1994C	21,955	5.125-7.0	675	1,790 (2015)	21,305
Energy Conservation Program (2)	1994D	1,600	4.9-7.0	135	200 (2005)	1,475
Renewable Resource Development (1)	1994E	750	7.7-8.5	55	105 (2005)	695
Energy Conservation Program (2)	1996A	1,650	3.5-4.4	165	195 (2006)	1,650
Renewable Resource Development (1)	1996B	1,250	5.3-6.1	125	155 (2006)	1,250
Wastewater Treatment Works	1996C	<u>2,765</u>	3.75-5.75	-	120 (2017)	<u>2,765</u>
Total General Obligation Debt		<u>\$ 104,370</u>		<u>\$ 6,075</u>		<u>\$ 69,620</u>

Special Revenue Bonds

Department of Transportation	1987	\$ 37,955	6.1-6.25	\$ 9,235	\$9,795 (1998)	\$ 19,030
Water Conservation (3)	-	100	3.463-5.0	3	3 (2016)	67
Water Development Program (4)	1987C	1,215	6.7-7.6	50	120 (2008)	945
Broadwater Power Project (4)(6)	1990A	3,800	9.5	335	505 (2002)	2,490
Broadwater Power Project (4)(5)	1991A	21,735	6.4-6.875	-	2,135 (2018)	21,735
Water Development Program (4)	1992A	11,955	4.4-6.1	770	1,250 (2006)	9,825
Water Development Program (4)	1992B	9,375	4.25-6.0	305	795 (2013)	8,535
Department of Transportation	1993	72,375	4.0-5.05	2,000	3,705 (2004)	67,375
Renewable Resource Program (4)	1996A	<u>14,985</u>	3.7-5.2	<u>850</u>	110 (2017)	<u>14,985</u>
Total Special Revenue Bonds		<u>\$173,495</u>		<u>\$13,548</u>		<u>\$144,987</u>
Middle Creek Dam Project (7)		\$ 2,990	8.125	\$ 31	1,581 (2032)	\$ 3,206
Treasure State Endowment (8)		4,134	5.85	415	779 (2001)	3,592
Natural Resource Damage Lit. Pgm. (9)		9,062	-	-	-	9,062
Developmental Center Project (10)		<u>13,100</u>	4.7-6.4	<u>290</u>	1,015 (2019)	<u>13,030</u>
Total Notes Payable		<u>\$ 29,286</u>		<u>\$ 736</u>	<u>\$ 28,890</u>	
Total Special Revenue Debt						<u>\$173,877</u>

- (1) All Water Development Program Bonds and the Renewable Resource Development Bonds are secured additionally by a pledge of and payable from certain coal severance taxes. Series 1988, 1989B, 1991A and 1993C bonds are also secured by a pledge of loan repayments from loans made from the bond proceeds.
- (2) Bonds issued for financing the design, construction and installation of energy conservation projects at various State buildings.
- (3) Bonds sold to Farmers Home Administration.
- (4) Issued by the Department of Natural Resources and Conservation (DNRC) and backed by a pledge of coal severance taxes and project revenues.
- (5) First payment of \$795,000 is due in 2003.
- (6) Bonds were sold to the Montana Board of Investments.
- (7) U.S. Bureau of Reclamation loan to Montana Department of Natural Resources & Conservation. The outstanding balance includes \$274,486 of interest owed.
- (8) Board of Investments Treasure State Endowment loan from the Coal Tax Trust Fund to the State of Montana Department of Commerce.
- (9) Board of Investments loan to the Department of Justice for the Natural Resource Damage Litigation Program. Interest accrues at .5% over the yield on the most recent issue of United States Government 30 Year Bonds. Loan repayment is secured by a pledge of amounts to be recovered in the ongoing litigation with Atlantic Richfield Company.
- (10) Montana Health Facility Authority Loan to the Department of Public Health and Human Services for the Montana Developmental Center Project.
- (11) Year of Maturity refers to fiscal year.

Board of Regents Issues Higher Education Units - Component Unit	Series	Amount Issued	Interest Range (%)	Principal Payments		Balance June 30, 1996
				FY 1997	In Year of Maturity	
University of Montana (U of M)	1993A/1995B/ 1995C	\$ 78,657	3.4-6.9	\$1,755	\$ 4,578 (2018)	\$ 75,377
Montana State University (MSU)	1986A/1987A/ 1993A	46,527	3.45-8.0	1,500	10,465 (2017)	44,107
Montana Tech of the U of M	1995C	8,667	3.8-5.75	310	202 (2018)	8,667
MSU - Billings	1994C	9,360	4.25-5.6	620	425 (2007)	8,170
MSU - Northern	1994C	2,890	4.25-6.0	90	100 (2015)	2,730
Western Montana College of the U of M (WMC)	1993A/1995B/ 1995C	1,923	3.4-6.9	65	122 (2018)	1,768
Helena College of Technology of The University of Montana (HCT)	1995B/1995C	767	4.1-6.4	30	51 (2018)	737
		<u>\$148,791</u>		<u>\$4,370</u>		\$141,556
Add: Unamortized Premium						23
Less: Unamortized Discount						(2,167)
Total Higher Education Bonded Debt						<u>\$139,412</u>

Higher Ed Nonbonded Debt

U of M - Missoula, Bookstore Note	\$ 500	Variable	\$ -	\$ 500 (2005)	\$ 500
U of M - Missoula, INTERCAP Program Note	96	Variable	19	21 (1999)	60
MSU - Bozeman, Thackeray Note	350	5.0	122	122 (1997)	122
MSU - Bozeman, Fiber Note	306	5.9	61	66 (2001)	306
MSU - Billings, SD #2 Note	876	N/A	101	95 (1999)	291
MSU - Northern, INTERCAP Program Note	1,181	Variable	149	69 (2006)	1,094
WMC - UM, INTERCAP Program Note	98	Variable	23	18 (2000)	91
WMC - UM, Mortgages Payable	70	6.5	3	6 (2009)	64
MSU - College of Technology, Great Falls, Note	100	5.38	18	22 (2001)	100
Total Higher Education Nonbonded Debt	<u>\$ 3,577</u>		<u>\$ 496</u>		<u>\$ 2,628</u>

TOTAL HIGHER EDUCATION FUNDS \$142,040

Debt service requirements (principal and interest) for long-term notes/bonds payable reported in the General Long-Term Obligations Account Group and Higher Education Funds are as follows (in thousands):

Fiscal Year Ending June 30	General Obligation Debt	Special Revenue Bonds	Higher Ed Bonded Debt	Non- Bonded Debt	Total Requirements
1997	\$ 9,638	\$ 22,568	\$ 11,226	\$ 533	\$ 43,965
1998	6,374	22,691	11,385	407	40,857
1999	6,662	21,179	11,594	406	39,841
2000	6,533	31,186	11,593	281	49,593
2001	6,509	21,283	11,593	222	39,607
2002+	69,048	121,680	174,482	889	366,099
Totals	<u>\$ 104,764</u>	<u>\$240,587</u>	<u>\$231,873</u>	<u>\$ 2,738</u>	<u>\$ 579,962</u>

A summary of changes in long-term liabilities payable reported in the General Long-Term Obligations Account Group for the fiscal year ending June 30, 1996, is as follows (in thousands):

	Balance July 1, 1995	Additions	Reductions	Balance June 30, 1996
Early Retirement Benefits	\$ 510	145	135	\$ 520
Arbitrage Rebate Tax	35	26	33	28
Net Pension Obligation	-	2,738	-	2,738
General Obligation Debt	\$ 78,000	\$ 5,665	\$ 14,045	\$ 69,620
Special Revenue Debt	184,457	16,610	27,190	173,877
Totals	<u>\$ 263,002</u>	<u>\$ 25,184</u>	<u>\$ 41,403</u>	<u>\$ 246,783</u>

D. Early Retirement Benefits Note

The 1993 Montana State Legislature granted an early retirement incentive. The incentive consisted of an additional three years of employer and employee contributions paid by the employer agency to the State of Montana Public Employees' Retirement System. The payments may be made over a period of time not to exceed nine years at an interest rate of eight percent. Debt Service requirements are as follows (in thousands):

	<u>Principal Payments</u>		<u>Balance</u>
	<u>FY 1997</u>	<u>In Year of Maturity</u>	<u>June 30, 1996</u>
Primary Government:			
General Obligation Debt	\$ 57	\$ 91	\$ 520
Component Unit:			
Higher Education Units	<u>10</u>	<u>15</u>	<u>86</u>
TOTAL	<u>\$ 67</u>	<u>\$ 106</u>	<u>\$ 606</u>

E. Early Bond Redemption

On July 24, 1995 and March 26, 1996, the State Compensation Insurance (Old Fund), a Component Unit of the State of Montana, deposited \$21,495,949 and \$13,211,766, respectively, of accumulated Old Fund Liability Tax (OFLT) collections with an escrow agent to be invested in federal securities to provide for future debt service payments. The escrow is irrevocable, but the Montana Board of Investments has retained the right to call the bonds prior to maturity if the value of the escrow is sufficient to do so. The transaction met the requirements of a legal defeasance and \$33,955,000 of Payroll Tax bonds, maturing on June 1, 2020, were removed from Old Fund's financial statements. The defeasances resulted in a reduction of debt service to maturity of \$89,046,953 and a net savings in interest cost of \$53,996,589. The Old Fund recognized an extraordinary loss on extinguishment of debt of \$1,709,000.

F. Refunded Bonds

On August 15, 1995, the Housing Authority, a Component Unit of the State of Montana, issued \$88,000,000 Single Family Program Bonds, 1995 Series B. A portion of these proceeds were used to optionally redeem, on October 16, 1995, \$40,660,000 of the Single Family Program Bonds 1979 Series A, at a premium of 101%. The Housing Authority deferred \$1,045,769 of costs related to the refunding of the 1979 Series A Bonds. These deferred costs are required to be amortized over the shorter of the life of the refunded bonds or the life of the refunding bonds. The 1995 Series B refunding resulted in an economic gain of \$2,553,455 and a difference in cash flows of (\$55,299,838).

On December 14, 1995, the University of Montana, a Component Unit of the State of Montana, issued \$8,666,780 of Facilities Improvement Revenue and Refunding Bonds, 1995 Series C, for MT Tech, with interest rates ranging from 3.8 to 5.75%. MT Tech deposited \$5,583,647 of proceeds with an escrow agent to be invested in federal securities to provide for future debt service payments. The transaction met the requirements of a legal defeasance and \$5,300,000 of 1986 Series A refunding revenue bonds, maturing on November 15, 2009, were removed from MT Tech's financial statements. The defeasance resulted in a reduction of debt service to maturity of \$382,842 and an economic gain of \$525,503.

On February 1, 1996, the Montana Department of Natural Resources and Conservation (DNRC) issued \$14,985,000 of 1996 Refunding Series A, Coal Severance Tax, Renewable Resource Program Bonds. DNRC deposited \$13,368,149 of proceeds plus \$1,030,631 of certain other available funds with an escrow agent to be invested in federal securities to provide for future debt service payments. The transaction met the requirements of an in-substance defeasance and \$1,375,000 of 1988 Series A, \$4,915,000 of 1989 Series A, and \$7,215,000 of 1990 Refunding Series B Coal Severance Tax, Renewable Resource Program Bonds, maturing on December 1, 2008, December 1, 2009, and December 1, 2006, and callable December 1, 1997, December 1, 1998, and December 1, 1998, respectively, were removed from the financial statements. The defeasance resulted in a reduction of debt service to maturity of \$1,136,785 and an economic gain of \$809,961.

In prior years, the State of Montana and the Board of Regents of Higher Education have issued general obligation and revenue refunding bonds, the proceeds of which were used to defease certain bond issues already outstanding. The proceeds of the refunding issues were placed in escrow accounts and invested in U.S. Treasury Obligations that, together with interest earned thereon, will be sufficient for future payment of principal and interest on the refunded issues. Accordingly, the debt is considered defeased for financial reporting purposes and the liability for the defeased bonds is not included in the financial statements. At June 30, 1996, the defeased bonds outstanding are as follows (in thousands):

General Obligation	\$ 14,160
Special Revenue	129,915
Higher Education Revenue	<u>25,395</u>
Total	<u>\$169,470</u>

G. Enterprise Funds

(1) Economic Development & Municipal Finance Consolidation Act Bonds (EDB) - This program is directed by the nine-member Board of Investments which is attached to the Department of Commerce for administrative purposes. This program assists Montana's small businesses and local governments in obtaining long-term, fixed rate financing through private Montana lending institutions. Outstanding obligations are as follows (in thousands):

Program	Series	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 1996
				FY 1997	In Year of Maturity	
Industrial Development Revenue Bonds (Pooled Loan) (a)	1984A	\$ 70	7.0-10.75	\$ 5	\$ 15 (2000)	\$ 30
Industrial Development Revenue Bonds (Pooled Loan) (a)	1985A,G,H	790	6.75-10.1	35	95 (2007)	600
Municipal Finance Consolidation Act Bonds (Irrigation Program) (b)	1988	4,976	6.6-7.75	495	130 (2014)	4,497
Economic Development Bonds (Conservation Reserve Enhancement Program) (c)	1991A-B	7,380	10.0-11.2	1,225	285 (2000)	2,825
Municipal Finance Consolidation Act Bonds (d)	1991	<u>6,234</u>	4.75-6.5	<u>467</u>	294 (2005)	<u>3,326</u>
TOTAL BONDS PAYABLE		\$19,450		\$ 2,227		\$11,278
Conservation Reserve Enhancement Program (CRP Notes) (c)		<u>3,255</u>	7.5-9.92	<u>1,107</u>	274 (2001)	<u>3,255</u>
TOTAL BONDS/NOTES PAYABLE		<u>\$22,705</u>		<u>\$ 3,334</u>		<u>\$14,533</u>

- (a) These bonds, which may not aggregate more than \$75 million, are limited obligations of the Board of Investments payable solely from and secured by certain revenues and assets pledged pursuant to an Indenture of Trust. The bonds do not constitute a debt, liability or legal obligation of the State of Montana. However, if the balance in the "Capital Reserve Account A" falls below the indenture requirement, the Governor is required to request the Legislature to appropriate funds to restore the balance. The Legislature may, but is not legally obligated to, appropriate funds to correct any such deficiency. Principal payments (accrued interest to be added) are due each March 15. Series 1985J (\$665,000) and Series 1985B (\$775,000) were recalled on March 15 and December 15, 1988, respectively, without a gain or loss on extinguishment. Series 1985L (\$325,000) was recalled in March 1992, without a gain or loss on extinguishment. Series 1984B (\$510,000), Series 1984C (\$255,000), Series 1984D (\$970,000) and Series 1984E (\$420,000) were retired March 15, 1995, through the exercise of optional redemption provisions resulting from loan prepayments. Loss from early extinguishment totaled \$40,877. On March 15, 1996, Series 1984F (\$225,000), Series 1984G (\$1,200,000), Series 1985C (\$190,000), Series 1985D (\$285,000), Series 1985E (\$790,000), Series 1985F (\$345,000), Series 1985I (\$90,000) and Series 1985K (\$670,000) were retired through the exercise of optional redemption provisions resulting from loan prepayments. Loss from early extinguishment totaled \$1,608 for Series 1984 and \$9,313 for Series 1985.
- (b) These bonds were issued to obtain funds for the Board of Investments, State of Montana, to purchase the refunding bonds of participating Irrigation Districts for the purpose of prepaying the U.S. Department of Interior, Bureau of Reclamation Projects Loans. The Irrigation Bonds and the interest thereon are payable solely from the collection of a special tax or assessment levied against real property in the Irrigation District. The Irrigation Bonds are not obligations of the State of Montana. However, the Irrigation Bonds are limited obligations of the Board of Investments due to an irrevocable pledge to lend money for deposit by the Trustee of the Irrigation District Pooled Loan Program Reserve Account E in an amount equal to any deficiencies therein on any payment date. The indenture does not permit the issuance of additional bonds.
- (c) These bonds and notes were issued for the purpose of providing funds for the Board of Investments, State of Montana, to make loans to participating farmers and ranchers under its Conservation Reserve Enhancement Program. The Series 1991 Bonds are not in any way a debt or liability of the State of Montana, and neither the full faith and credit, nor the taxing power of the State of Montana is pledged to the payment of the principal of or interest on the Series 1991 Bonds. However, the 1991 Bonds are limited obligations of the Board of Investments. The Bond Anticipation Notes which matured on November 15, 1992, were reissued to correspond with maturities per the underlying loans. On November 15, 1994, eleven BAN's were reissued to comply with statutory requirements limiting the maturity of notes to five years from issuance date.
- (d) These bonds were issued for the purpose of providing funds for the Board of Investments, State of Montana, to purchase the general obligation refunding bonds of participating Montana School Districts. The School District Refunding Bonds and the interest thereon are payable from real property taxes levied within the school district. These bonds are limited obligations of the Board of Investments, and are not a debt or liability of the State of Montana, and neither the faith and credit nor the taxing power of the state is pledged to the payment of principal of or interest on the bonds.

Debt service requirements (principal & interest) for EDB are as follows (in thousands):

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002+</u>	<u>Totals</u>
\$ 4,416	\$3,640	\$2,638	\$2,036	\$1,567	\$5,434	<u>\$19,731</u>

(2) Board of Housing (BOH) (Housing Authority) - Component Unit - Revenue Bonds - The Montana Board of Housing is authorized to have an aggregate of \$975 million of housing mortgage bonds outstanding. The bonds are payable from mortgage loan repayments and investment earnings. All bonds issued to date are secured by federally insured or guaranteed mortgages. Statutory provisions exist wherein the Governor shall include in the executive budget submitted to the legislature the sum required to fund possible future deficiencies in required reserves; however, the legislature is not legally required to appropriate funding for such deficiencies. None of the outstanding bonds were issued under these provisions. BOH Revenue Bonds (net) outstanding at June 30, 1996, are as follows (in thousands):

Program	Series	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 1996
				FY 1997	In Year of Maturity	
Single Family I	1977A	\$ 21,470	4.5-8.0	\$ 850	\$ 1,850 (2009)	\$ 8,880
	1977B	35,060	4.15-8.0	1,675	3,160 (2009)	15,020
	1978A	13,600	6.0-6.5	445	1,115 (2010)	6,080
	1987A	20,000	5.3-8.625	490	1,240 (2018)	7,330
	1987B1-B2	20,000	6.25-9.0	175	610 (2019)	5,900
	1988A1-A2	<u>19,999</u>	5.4-8.5	<u>305</u>	2,115 (2019)	<u>9,108</u>
Subtotal		<u>\$130,129</u>		<u>\$ 3,940</u>		<u>\$ 52,318</u>
Single Family II	1983C	\$114,998	5.75-10.7	\$ -	\$ 3,035 (2010)	\$ 19,722
	1984A	75,002	7.0-10.375	-	5,800 (2010)	6,077
	1985A	40,000	5.5-9.75	-	5,170 (2016)	11,924
	1985B	74,997	5.7-9.75	-	485 (2011)	4,345
	1992RA	22,520	5.65-6.5	-	10 (2033)	22,520
	1994A	25,725	3.1-6.1	1,445	585 (2025)	21,475
	1994B	40,815	3.8-6.9	2,375	595 (2025)	33,235
	1994C	20,000	4.5-6.8	380	575 (2027)	19,190
	1995A	33,580	4.75-6.55	-	1,080 (2027)	32,820
	1995B	<u>88,000</u>	4.2-6.4	-	1,480 (2036)	<u>88,000</u>
Subtotal		<u>\$535,637</u>		<u>\$ 4,200</u>		<u>\$259,308</u>
Single Family III	1988B1-B2	\$ 25,000	6.2-8.9	\$ 240	\$ 355 (2021)	\$ 10,755
Single Family IV	1989A1-A2	25,000	7.0-9.2	180	490 (2021)	11,090
Single Family V	1990A1-A2	25,000	6.2-8.525	280	730 (2022)	12,675
Single Family VI	1990B1-B2	25,000	6.3-8.5	275	805 (2022)	14,170
Single Family VII	1990C1-C2	25,000	6.55-8.95	265	835 (2022)	13,685
Single Family VIII	1991A1-A2	25,000	5.2-8.275	335	920 (2023)	16,650
Single Family IX	1991B1-B2	25,000	5.5-8.4	305	890 (2023)	16,720
Single Family X	1992A1-A2	25,000	4.45-7.85	310	830 (2024)	18,350
Multifamily	1978A	4,865	6.125	65	645 (2020)	4,245
	1992	<u>9,725</u>	2.95-6.55	<u>165</u>	50 (2024)	<u>9,305</u>
Subtotal		<u>\$ 14,590</u>		<u>\$ 230</u>		<u>\$ 13,550</u>
TOTAL		<u>\$880,356</u>		<u>\$10,560</u>		<u>\$439,271</u>
Add: Deferred amount on refunding						673
Add: Unamortized bond premiums						52
Less: Unamortized bond discounts						<u>(17)</u>
TOTAL BOH BONDS PAYABLE (net)						<u>\$439,979</u>

Debt service requirements (principal & interest) for all BOH programs are as follows (in thousands):

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002+</u>	<u>Total</u>
\$37,088	\$37,330	\$37,804	\$38,126	\$36,698	\$796,816	<u>\$983,862</u>

(3) Payroll Tax Bonds (Workers' Compensation Program) - State Compensation Insurance - Old - Component Unit - The Board of Investments of the State of Montana issued \$140,640,000 of bonds for the purpose of funding the State's liability and cost in administering and paying claims for injuries resulting from accidents, prior to July 1, 1990, that are subject to the Montana Workers' Compensation Act and the Occupational Disease Act of Montana. The bonds are limited obligations of the State of Montana payable solely from and secured by certain payroll tax revenues collected by the Department of Revenue of the State of Montana. Included in the issued bonds is \$32,500,000 of Series 1993 variable rate demand bonds issued October 27, 1993, and maturing June 1, 2020. The bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on thirty days notice and delivery to the remarketing agent. The Montana Board of Investments (BOI) has entered into a Standby Liquidity Agreement to purchase any tendered bonds which are unable to be remarketed by the remarketing agent. The BOI is entitled to the same rights as any other bondholder, including the right to receive payments of principal and interest. As of June 30, 1996, \$32,500,000 of the demand bonds are outstanding. Old Fund Payroll Tax Bonds (net) outstanding as of June 30, 1996, are as follows (in thousands):

Program	Series	Amount Issued	Interest Rate (%)	Principal Payments		Balance June 30, 1996
				FY 1997	In Year of Maturity	
Payroll Tax Bonds	1991	\$108,140	4.9-6.875	\$2,405	\$4,495 (2017)	\$97,885
Less: Unamortized discount						<u>(1,328)</u>
TOTAL BONDS PAYABLE (net)						<u>\$ 96,557</u>

Debt service requirements (principal & interest) are as follows (in thousands):

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002+</u>	<u>Totals</u>
\$ 8,983	\$ 8,984	\$ 8,983	\$ 8,986	\$ 8,984	\$139,593	<u>\$184,513</u>

H. No-Commitment Debt - Information is presented below for financing authorities participating in debt issues. The State has no obligation for this debt. Accordingly, these bonds and notes are not reflected in the accompanying financial statements.

(1) Montana Board of Investments (BOI) - The BOI is authorized to issue industrial revenue bonds to finance projects for qualifying borrowers. Assets and revenues of the borrower are pledged to repay the bonds. The industrial revenue bonds issued by BOI do not constitute a debt, liability, obligation or pledge of faith and credit of the State of Montana. At June 30, 1996, outstanding industrial revenue bonds are as follows (in thousands):

<u>Project</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Montana Cenex	August 1985	\$ 3,925	\$ 3,925
Bozeman Holiday Inn	October 1987	4,485	3,685
Colstrip	October 1989	60,800	60,800
Yellowstone Energy (BGI)	July 1993	<u>118,345</u>	<u>118,345</u>
Total		<u>\$187,555</u>	<u>\$186,755</u>

(2) Beginning Farm Loan Program - The Montana Department of Agriculture is authorized to request issuance of bonds by the Montana Board of Investments to finance projects for beginning farmers within the State, if it appears, after a properly noticed public hearing, that the project is in the public interest of the State. These non-recourse, industrial development revenue bonds do not constitute a debt, liability, or obligation of the State of Montana. The amount issued and outstanding at June 30, 1996, is as follows:

Jorgensen Project - issued \$81,600; outstanding \$37,432.

(3) Montana Health Facility Authority (MHFA) - Component Unit - The MHFA is authorized to issue bonds and notes to finance projects for qualifying health institutions. The obligations issued by MHFA do not constitute a debt, liability, obligation or pledge of faith and credit of the State of Montana. At June 30, 1996, the MHFA had issued bonds and notes as follows (in thousands):

<u>Project</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
West Mont Home Health Services	June 1985	\$ 440	\$ 196
MHFA 1985 Pooled Loan Projects	December 1985	66,900	37,200
Community Provider Pooled Loans	October 1988	1,461	980
St. Peters Community Hospital	March 1989	9,365	7,600
Kalispell Regional Hospital	June 1990	14,475	12,470
Community Provider Pooled Loan	July 1990	5,858	4,925
Deaconess Medical Center (Series A)	February 1991	18,000	18,000
Deaconess Medical Center (Series B)	February 1991	18,000	18,000
Sisters of Providence	May 1991	56,535	48,255
St. Peters Community Hospital	August 1991	7,000	5,970
Deaconess Medical Center	September 1991	32,650	29,450
Deaconess Medical Center	September 1991	7,000	4,035
Community Provider Pooled Loans	September 1991	3,944	3,409
Hospital Pooled Loans	August 1992	4,645	3,585
Richland Opportunities	January 1993	200	182
Bozeman Deaconess Foundation	June 1993	14,900	12,700
Holy Rosary Hospital	September 1993	18,275	17,850
Sisters of Charity	January 1994	50,915	47,410
Deaconess-Billings Clinic	January 1994	58,870	58,870
Community Memorial Hospital	October 1994	570	465
St. John's Retirement Home	October 1994	2,000	2,000
North Valley Hospital (Series C)	October 1994	695	570
North Valley Hospital (Series D)	October 1994	1,310	1,220
Northern MT	October 1995	5,645	5,645
Northern MT	November 1995	6,090	6,090
Livingston Hospital	May 1996	<u>540</u>	<u>443</u>
Total		<u>\$406,283</u>	<u>\$347,520</u>

13. INTERFUND TRANSACTIONS

During the course of normal operations, the State has numerous transactions between funds to finance operations, provide services, construct assets, service debt, etc. Montana statutes include a provision for interfund loans when the expenditure of an appropriation is necessary and the cash balance in the account from which the appropriation was made is insufficient to pay the expenditure. To the extent that certain transactions between funds are not paid or received as of June 30, 1996, interfund receivables/payables (Due From/To Other Funds) are recorded. The schedule below presents all interfund balances outstanding at June 30, 1996, (in thousands) and interfund activity for the fiscal year then ended:

Within Primary Government and Component Units	Interfund Loans/Advances		Due From Other Funds	Due To Other Funds	Operating Transfers		Residual Equity Transfers	
	Receivable	Payable			In	Out	In	Out
General	\$ 21,508	\$ -	\$ 49,787	\$ 13,847	\$ 159,562	\$ 7,712	\$ 7,424	\$ -
Special Revenue								
State	33,793	3,920	7,141	21,508	21,291	32,398	-	10,331
Federal	140	45,277	4,740	11,283	98	3,950	-	327
Debt Service								
Coal Tax Bonds	-	-	-	8	14,095	38	1,244	-
Long-Range Building Program	-	-	51	1,504	9,153	53,081	-	-
Water Development	-	-	1	314	174	653	1,120	-
Highway Revenue Bonds	-	-	-	-	15,258	-	-	-
Transportation Bldg. Complex	-	-	-	-	-	-	-	28
Renewable Resource	-	-	-	-	-	-	-	40
Energy Bonds	-	-	34	225	9	201	2	-
Capital Projects								
Long-Range Building Program	-	5,100	274	5,264	191	669	-	5,200
Fed/Priv Construction Grants	-	-	-	74	-	-	-	-
Capital Land Grant	-	-	28	-	604	600	-	-
Enterprise								
Economic Dev. Bonds	-	-	-	11	-	-	-	-
Liquor Stores	-	-	86	7,166	-	18,167	-	-
Hail Insurance	-	-	-	14	-	28	-	-
State Lottery	-	-	-	1,779	-	7,803	-	-
Prison Ranch	-	-	38	67	-	-	-	-
Prison Industries	-	-	101	57	-	-	-	-
Uninsured Employers	-	-	24	29	-	-	-	-
Subsequent Injury	-	-	3	1	-	-	-	-
Montana Career Info. Sys.	-	-	5	5	-	-	-	-
FWP Snowgroomer Rental	-	-	-	-	-	-	-	2
Sec. of State Business Services	-	-	5	106	-	-	-	-
Historical Soc. Publications	-	-	1	20	53	-	-	-
Surplus Property	-	-	1	22	-	-	-	-
W. Yellowstone Airport	-	-	17	3	17	-	-	-
Local Govt. Audits	-	35	-	14	-	-	-	-
Internal Service								
Highway Equipment	-	-	286	259	-	-	-	-
Employees' Grp. Ben.	-	-	3	29	-	-	-	-
ISD	-	-	1,376	461	97	-	-	-
MSU Group Insurance	-	-	18	6	-	-	-	-
Admin. Insurance	-	-	-	58	88	-	-	-
FWP Equipment	-	-	365	6	208	-	-	-
Motor Pool	-	-	151	127	-	-	1,293*	-
Admin. Prop. & Supply	-	-	184	26	-	-	-	-
Publications & Graphics	-	-	224	85	-	-	-	-
Buildings & Grounds	-	-	131	46	53	-	-	-
Labor Central Services	-	-	40	42	-	-	-	-
Commerce Central Services	-	-	113	106	-	-	-	-
DEQ Indirect Cost Pool	-	-	296	204	-	-	-	277
PHHS Indirect Cost Pool	-	-	401	1	530	-	277*	-
FWP Warehouse Inventory	-	-	9	-	-	-	-	-
Mail & Messenger	-	100	123	44	-	-	-	-
Payroll Processing	-	-	-	46	-	-	107*	-
Warrant Processing	-	-	53	53	-	-	-	-
Investment Division	-	-	35	85	-	-	-	-
Aircraft Operation	-	-	40	20	338	-	-	-
Justice Legal	-	-	66	121	-	-	-	-
OPI Central Services	-	-	60	43	350	-	-	-
Personnel Training	-	-	11	10	-	-	-	-
Records Management	-	-	37	9	-	-	-	-
FWP Office Supply	-	-	-	1	-	-	-	-
Debt Collections	-	-	36	15	-	-	-	-
Admin. Legal	-	-	-	6	-	-	-	-

Within Primary Government and Component Units	Interfund Loans/Advances		Due From Other Funds	Due To Other Funds	Operating Transfers		Residual Equity Transfers	
	Receivable	Payable			In	Out	In	Out
Local Govt Administration	-	-	8	7	-	-	-	-
Natural Gas Procurement	-	-	-	1	-	-	-	-
Admin. DP Unit	-	-	1	3	-	-	-	-
<u>Expendable Trusts</u>								
Unemployment Insurance	-	20	11	-	-	-	8	-
Intergovernmental Trust	-	-	299	6,075	-	-	4,706	-
Rural Development	-	-	-	3	-	-	-	-
Escheated Property	-	-	-	2	63	1,172	-	-
Historical Society General	-	-	-	1	-	7	-	-
<u>Nonexpendable Trusts</u>								
Coal Tax Trust	-	37	19	6,984	-	43,962	24	-
Land Grants	-	-	1,013	14,337	1,109	43,891	-	-
Resource Indemnity	-	-	289	1,359	-	7,960	-	-
Parks Trust	-	-	-	186	-	1,033	-	-
Cultural Trust	-	-	-	266	-	588	-	-
Real Property	-	-	79	85	-	453	-	-
Noxious Weed Management	-	-	1	68	-	423	-	-
Thomas Teakle Trust	-	-	-	-	-	4	-	-
<u>Pension Trusts</u>								
PERS	-	-	210	78	-	-	-	-
Municipal Police	-	-	2,497	31	-	-	-	-
Firefighters Unified	-	-	4,142	26	-	-	-	-
Sheriffs	-	-	-	22	-	-	-	-
Highway Patrol	-	-	52	14	-	-	-	-
Judges	-	-	68	3	-	-	-	-
Game Wardens	-	-	-	5	-	-	-	-
Volunteer Firefighters	-	-	-	22	-	-	-	-
<u>Agency</u>								
Investment Pool	-	1,012	-	-	-	-	-	-
Performance Deposits	60	-	4	582	-	-	-	-
Central Payroll	-	-	22,541	92	-	-	-	-
Custodial Accounts	-	-	15	309	-	-	-	-
Unissued Warrants	-	-	81	1,895	-	-	-	-
Child Support Collections	-	-	98	1,079	-	-	-	-
Intergovernmental	-	-	20	20	-	-	-	-
Unclaimed Property	-	-	3	-	-	-	-	-
Uncleared Collections	-	-	14	727	-	-	-	-
Debt Collection	-	-	1	242	-	-	-	-
COMPONENT UNITS								
<u>Enterprise Funds</u>								
Housing Authority	-	-	-	2	-	-	-	-
State Comp. Insurance - New	-	-	1,770	8	-	-	-	-
State Comp. Insurance - Old	-	-	37	1,745	-	-	-	-
<u>Pension Trusts</u>								
Teachers Retirement System	-	-	522	10	-	-	-	-
<u>Higher Education</u>								
Current Funds								
General Operating	700	-	5,408	4,036	982	843	-	-
Designated	2,065	25	4,286	2,255	3,130	4,549	2	-
Auxiliary	14	16	425	1,324	704	9,335	-	-
Restricted	-	2,514	207	4,587	235	66	-	2
Fiduciary								
Student Loans	-	-	14	274	2	15	-	-
Endowments	-	-	-	38	14	527	-	-
Agency	-	-	4,052	1,492	-	-	-	-
Plant								
Unexpended	16	265	292	234	7,418	8,303	3	-
Renewal & Replacement	172	432	664	362	7,925	1,304	-	3
Retirement of Indebtedness	285	-	1,045	462	12,019	6,035	-	-
Totals	\$ 58,753	\$ 58,753	\$116,583	\$116,583	\$255,770	\$255,770	\$ 16,210	\$ 16,210

*These Residual Equity Transfers are reflected in Contributed Capital on the Balance Sheet.

Between Primary Government and Component Units	Due From Comp. Units	Due To Primary Govt	Due To Comp. Units	Due From Primary Govt	Transfer To Comp. Unit	Transfer From Primary Govt
<u>General</u>	\$ 404	\$ -	\$ 425	\$ -	\$95,880	-
<u>Special Revenue</u>						
State	546	-	533	-	15,092	-
Federal	26	-	528	-	-	-
<u>Debt Service</u>						
Long-Range Building Program	5	-	25	-	-	-
<u>Enterprise</u>						
Economic Dev. Bonds	6	-	-	-	-	-
Prison Industries	122	-	-	-	-	-
Surplus Property	-	-	12	-	-	-
<u>Internal Service</u>						
Highway Equipment	4	-	-	-	-	-
ISD	303	-	18	-	-	-
MUS Group Insurance	441	-	-	-	-	-
Motor Pool	1	-	-	-	-	-
Admin. Supply	35	-	1	-	-	-
Publications & Graphics	44	-	-	-	-	-
Building & Grounds	1	-	-	-	-	-
Commerce Central Services	6	-	-	-	-	-
Warrant Processing	18	-	-	-	-	-
Investment Division	10	-	-	-	-	-
Records Management	2	-	-	-	-	-
<u>Nonexpendable Trusts</u>						
Land Grants	-	-	660	-	1,815	-
<u>Pension Trusts</u>						
PERS	297	-	-	-	-	-
<u>Agency</u>						
Land Grant Interest	-	-	1	-	-	-
Performance Deposits	-	-	9	-	-	-
Employees Defer. Comp.	78	-	-	-	-	-
Central Payroll	985	-	-	-	-	-
Child Support Collections	6	-	-	-	-	-
Uncleared Collections	6	-	-	-	-	-
Debt Collections	-	-	18	-	-	-
COMPONENT UNITS						
<u>Enterprise Funds</u>						
Housing Authority	-	36	-	1	-	-
Health Facilities Authority	-	11	-	-	-	-
State Comp. Ins. - New	-	913	-	36	-	-
State Comp. Ins. - Old	-	2	-	287	-	-
<u>Pension Trusts</u>						
Teachers Retirement System	-	27	-	14	-	-
<u>Higher Education</u>						
Current Funds						
General Operating	-	1,144	-	15	-	110,959
Designated	-	257	-	131	-	-
Auxiliary	-	22	-	91	-	215
Restricted	-	45	-	1,049	-	-
Fiduciary						
Student Loans	-	-	-	5	-	-
Agency	-	745	-	20	-	-
Plant						
Unexpended	-	139	-	262	-	746
Renewal and Replacement	-	5	-	1	-	13
Retirement of Debt	-	-	-	318	-	854
Totals	<u>\$ 3,346</u>	<u>\$ 3,346</u>	<u>\$ 2,230</u>	<u>\$ 2,230</u>	<u>\$112,787</u>	<u>\$112,787</u>

14. FUND DEFICITS

The following funds have a deficit fund balance/retained earnings found on the operating statements for June 30, 1996, (in thousands):

Primary Government

Enterprise Fund

West Yellowstone Airport	\$ (703)
Department of Agriculture	(176)

Internal Service Fund

Administration Insurance	(8,003)
Payroll Processing	(46)
Justice Legal	(86)
Administration - Legal	(4)
Local Government Admin	(31)
Total Fund Deficits - Primary Government	<u>\$ (9,049)</u>

Component Units

Proprietary Fund Type

State Comp. Ins. (Old Fund)	\$ (369,307)
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Higher Education Funds

General Operating Subfund	(18,487)
Total Fund Deficits - Component Units	<u>\$ (387,794)</u>

The deficit retained earnings in the Administration Insurance Fund and the State Compensation Insurance-Old Fund are due to recording the expense for estimated claims including claims incurred but not reported. Refer to Note 9 for further discussion of these funds. The deficit fund balance in the General Operating Subfund is due to the expense associated with the recording of compensated absences.

15. RESERVED FUND BALANCES FOR TRUSTS

The Special Revenue trust reserved fund balance is attributed to the Fish, Wildlife and Parks Mitigation Trust Account within the State Special Revenue Fund.

The Coal Tax Trust reserved fund balance in the Nonexpendable Trust Fund consists of the following (in thousands): Permanent Coal Tax Trust \$527,966, Treasure State Endowment Fund \$42,263 and the School Bond Contingency Fund \$2,178. All other Nonexpendable Trust Fund balances, \$477,299, are Reserved for Trust Principal.

16. SEGMENT INFORMATION

Selected financial information concerning all enterprise operations for the fiscal year ended June 30, 1996, is as follows (in thousands):

	<u>Economic Development Bonds</u>	<u>Liquor Stores</u>	<u>Hail Insurance</u>	<u>State Lottery</u>	<u>Other Enterprise*</u>	<u>Total Enterprise</u>
Operating Revenues:						
Charges for Services	\$ 62	\$ 42,239	\$ -	\$ 31,763	\$ 9,270	\$ 83,334
Investment Earnings	846	-	270	243	356	1,715
Financing Income	2,415	-	-	-	-	2,415
Contrib./Premiums	-	-	2,181	-	16	2,197
Grants/Contracts/Donations	-	-	-	-	7	7
Taxes	-	11,876	-	-	-	11,876
Other Revenues	-	48	1	1	3,768	3,818
Operating Expenses:						
Depreciation	4	77	1	90	522	694
Amortization	-	-	-	-	9	9
Other	<u>3,055</u>	<u>36,881</u>	<u>3,219</u>	<u>24,126</u>	<u>10,718</u>	<u>77,999</u>
Operating Income (Loss)	<u>264</u>	<u>17,205</u>	<u>(768)</u>	<u>7,791</u>	<u>2,168</u>	<u>26,660</u>
Nonoperating Revenues	-	(49)	-	(35)	(395)	(479)
(Expenses)	-	(18,167)	(28)	(7,803)	70	(25,928)
Oper. Trans. In (Out)	-	-	-	-	-	-
Net Income (Loss)	<u>\$ 264</u>	<u>\$ (1,011)</u>	<u>\$ (796)</u>	<u>\$ (47)</u>	<u>\$ 1,843</u>	<u>\$ 253</u>
Current Assets	\$ 5,963	\$ 18,636	\$ 7,192	\$ 3,507	\$ 13,073	\$ 48,371
Current Liabilities	(986)	(17,612)	(1,733)	(2,224)	(743)	(23,298)
Net Working Capital	<u>\$ 4,977</u>	<u>\$ 1,024</u>	<u>\$ 5,459</u>	<u>\$ 1,283</u>	<u>\$ 12,330</u>	<u>\$ 25,073</u>

	Economic Development Bonds	Liquor Stores	Hail Insurance	State Lottery	Other Enterprise*	Total Enterprise
Total Assets	\$ 44,009	\$ 19,743	\$ 7,201	\$ 5,492	\$ 21,690	\$ 98,135
Total Liabilities	41,852	17,677	2,367	5,253	2,184	69,333
Fund Equity	<u>\$ 2,157</u>	<u>\$ 2,066</u>	<u>\$ 4,834</u>	<u>\$ 239</u>	<u>\$ 19,506</u>	<u>\$ 28,802</u>
Long-Term Obligations	\$ 40,866	\$ 65	\$ 634	\$ 3,029	\$ 1,441	\$ 46,035
Cur. Yr. Capital Cont.	\$ -	\$ -	\$ -	\$ -	\$ 1,102	\$ 1,102
Acquisition of Fixed Assets	\$ 8	\$ 91	\$ 1	\$ 91	\$ 503	\$ 694
Disposal of Fixed Assets	\$ 3	\$ 579	\$ -	\$ 440	\$ 1,040	\$ 2,062

1. The Economic Development Bond Program, administered by the Board of Investments, assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.
2. The Liquor Division of the Department of Revenue administers the State liquor operations (Liquor Stores). This fund accounts for liquor licensing activities and the sale and distribution of alcoholic beverages.
3. The Hail Insurance Fund provides benefit payments to producers for crop acreage insured and accounts for premium assessments paid (See Note 9).
4. The State Lottery accounts for the operations of Montana's lottery which began in June 1987. Included in Other Assets is \$1,641,000 which is not a current asset.

* Other Enterprise is composed of the following funds (listed by administering agency):

Department of Agriculture
Department of Agriculture

Fish, Wildlife and Parks
FWP Snowgroomer Rental

Secretary of State
Business Services

Department of Commerce
Local Government Audits

Montana Historical Society
Historical Society Publications

Department of Corrections
Prison Ranch Industries
Women's Prison Industries
Swan River Vocational Training

Department of Transportation
West Yellowstone Airport

Department of Labor and Industry
Montana Career Infor. System
Subsequent Injury
Uninsured Employers

Department of Administration
Surplus Property

17. CONTRIBUTED CAPITAL

During fiscal year 1996, contributed capital changed by the following amounts (in thousands):

	<u>PRIMARY GOVERNMENT</u>		<u>COMPONENT UNITS</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Proprietary Fund Type</u>
Beginning Balance - July 1, 1995	\$ 3,490	\$ 5,343	\$ 11,584
Additions:			
Contrib. Capital Transfers-in	1,617	4,054	15
Deletions:			
Contrib. Capital Transfers-out	<u>(515)</u>	<u>(2,819)</u>	<u>-</u>
Ending Balance - June 30, 1996	<u>\$ 4,592</u>	<u>\$ 6,578</u>	<u>\$ 11,599</u>

18. NONEXPENDABLE TRUST FUNDS' INVESTMENT INCOME

Investments are recorded in Nonexpendable Trust Funds using the full accrual basis of accounting. However, certain investment earnings attributable to these trusts are transferred elsewhere, as summarized below:

Nonexpendable Trust Fund

Reporting of Investment Earnings

Coal Tax Trust

Permanent Trust Accounting Entities - Investment Earnings are distributed to the General Fund, Treasure State Endowment Accounting Entity - A specified amount may be transferred monthly to the State Special Revenue Fund to cover administrative costs, grants, and loans to local governments for infrastructure projects. In 1996, transfers of \$1,234,985 were made.

Land Grants	Ninety-four percent of investment earnings are transferred to the General Fund for the Office of Public Instruction to distribute to public schools; five percent is distributed to Higher Education Units (Current and Plant Funds); and one percent to the Department of Corrections (General Fund and State Special Revenue Fund).
Resource Indemnity	Resource Indemnity Tax investment earnings are distributed to the State Special Revenue Fund as follows: At the beginning of each biennium, \$175,000 to the Environmental Contingency Account; \$50,000 to the Oil and Gas Damage Mitigation Account; \$2,000,000 to the Renewable Resource Loan and Grant Account; \$3,000,000 to the Reclamation and Development Grant Account; \$500,000 to the Water Storage Account; and every fiscal year \$240,000 to the Renewable Resource Loan and Grant Account; and the remaining investment earnings are distributed thirty-six percent to the Renewable Resource Loan and Grant Account; eighteen percent to the Hazardous Waste/Comprehensive Environmental Response, Compensation, and Liability Act Account; forty percent to the Reclamation and Development Grant Account; and six percent to the Environmental Quality Protection Account. The beginning of a biennium is the even numbered fiscal year; therefore, the fixed amounts noted above were distributed.
Parks Trust	Investment earnings are distributed to the State Special Revenue Fund for the maintenance of parks by the Department of Fish, Wildlife and Parks.
Cultural Trust	Investment earnings are distributed to the State Special Revenue Fund for cultural and aesthetic projects administered by the Montana Arts Council.
Real Property	Investment earnings are transferred to the State Special Revenue Fund for use by the Department of Fish, Wildlife and Parks to operate, maintain and develop its real property.
Noxious Weed Management	Investment earnings are transferred to the State Special Revenue Fund for noxious weed management projects.
Moore Sipple Connector	Investment earnings are distributed quarterly to the Central Montana Rail Company for use in its operation.
Thomas Teakle	Investment earnings are transferred to the State Special Revenue Fund for the Montana Historical Society's library acquisitions.

19. RELATED PARTY TRANSACTIONS

The Montana Board of Regents, an agency within the State, is the guarantor of the loans owned by the Montana Higher Education Student Assistance Corporation (MHESAC), a private non-profit corporation. The Board of Regents and MHESAC have four common board members. Approximately 63.4% of the Regents' outstanding loan volume (\$285,330,000) is held by MHESAC. Lewis & Clark County owns the building which houses the staff of the Board of Regents and the Office of the Commissioner of Higher Education (OCHE). Upon satisfaction of the financing obligations, MHESAC has the option to purchase the building. OCHE pays MHESAC for its share of various costs such as personnel costs for employees of MHESAC who perform services that are of direct benefit to the State; equipment leases; computer maintenance costs; utilities and other shared operating expenses. The total amount of these expenses for fiscal year 1996 amounted to \$295,887. MHESAC employees are allowed to participate in the University System group insurance plan and MHESAC also reimburses OCHE for services such as telephones, postage and computer supplies. During fiscal year 1996 MHESAC paid OCHE a total of \$446,178.

There is a foundation affiliated with each university and college unit which solicits contributions and manages those funds for the benefit of that unit. Each foundation is a separate legal entity; each unit exercises significant influence over its affiliated foundation. The units generally provide the foundations with office space, some staff and related office expenses and an annually contracted fee. The units paid their foundations approximately \$636,727 in fiscal year 1996. In return the universities received from their foundations approximately \$11,301,587 during fiscal year 1996 for scholarships and academic/institutional support. In addition to support from their affiliated foundation, the University of Montana-Missoula and Montana State University-Bozeman received a total of \$669,558 from their related athletic associations/booster organizations.

20. CONTINGENCIES

A. Litigation - The State is party to legal proceedings, which normally occur in government operations. The legal proceedings are not, in the opinion of the State's legal counsel and the Department of Administration, likely to have a material adverse impact on the State's financial position, except where listed below.

The Crow Tribe filed suit in 1978 in federal district court seeking a declaration that Montana's coal severance and gross proceeds taxes are invalid as applied to the production of coal on the Crow Reservation and to the production of coal owned by the Tribe located in an off-reservation area, known as the "Crow ceded area" or "ceded strip", which lies roughly

between the northern boundary of the reservation and the Yellowstone River. The amount of coal reserves falling within these categories has not been precisely determined. The taxes were alleged to be invalid under a variety of theories, of which the most prominent were that the state taxes conflict with federal policy by preventing the marketing of Crow coal and infringe on tribal sovereignty by depriving the Tribe of revenue needed to provide governmental services to the Crow people. In addition to a declaration that the taxes were invalid, the Tribe sought restitution for an amount equal to the severance and gross proceeds taxes paid by Westmoreland Resources, Inc. (Westmoreland), the only company currently mining coal claimed by the Tribe, together with the interest which accrued to the Coal Severance Tax Trust Fund on the amount of taxes paid.

In January 1983, the court ordered Westmoreland's future severance tax payments placed in escrow pending the outcome of the litigation. The State has received no severance tax payments from Westmoreland with respect to the coal mined on the ceded strip since the entry of this order. Prior to 1983, Westmoreland's annual severance tax payments varied from a low of \$5.407 million in 1976 to a high of \$7.078 million in 1979.

In June 1987, the Ninth Circuit Court of Appeals ruled that Montana is preempted from applying its severance and gross proceeds taxes on coal within the ceded strip held in trust for the Crow Tribe and on coal mined on the reservation. In August 1987, the State docketed an appeal of the decision to the United States Supreme Court, and in January 1988, that Court summarily affirmed the Court of Appeals' judgment.

As a result of the Supreme Court's affirmance, two principal issues remained in the case, one of which has been resolved. The first issue involved the appropriate disposition of the escrowed moneys, to which the State disclaimed any interest after the Supreme Court's decision. The district court concluded in September 1988 that these moneys should be paid to the United States in trust for the Tribe. The escrowed funds totaling \$30.1 million were distributed in May 1989 to the United States.

The second issue involved tax monies paid by Westmoreland to the State but not escrowed. Their amount, exclusive of interest, is approximately \$46.8 million in severance taxes and \$11.4 million in gross proceeds taxes. The Tribe and the United States, which had intervened on the Tribe's behalf in 1983, claimed those taxes under a restitution theory. They additionally sought prejudgment interest on the tax amounts which, as of March 31, 1994, was estimated at \$214.1 million for the severance tax and \$40.7 million on the gross proceeds tax. Trial on their claim was held in April and May 1994, and in November 1994, the district court ruled in the State's favor. In August 1996, however, a three-judge panel of the Ninth Circuit Court of Appeals reversed the district court's ruling and ordered restitution of the coal severance taxes. It also remanded the matter for determination of the claim to prejudgment interest. The State petitioned for rehearing with a suggestion for rehearing en banc and, in October 1996 the Court of Appeals' panel modified its August opinion to refer to one issue raised in the State's petition for rehearing, but the petition remains pending. If unsuccessful, the State will seek review by the United States Supreme Court. The State believes there are substantial grounds for challenging the Court of Appeals' panel decision, but an unfavorable outcome is reasonably possible.

The Tribe and the United States additionally sought leave in April 1993 to amend their complaints for the purpose of alleging damages in connection with loss of possible production under a coal lease with Shell Oil Company. They estimated those damages alternatively at \$327.1 million and \$250.4 million as of March 31, 1994. The district court denied the requested amendment in July 1993 and again in February 1994. The court, however, addressed that claim in its November 1994 decision and rejected it. The Tribe and the United States raised that aspect of the court's decision in the appeal before the Ninth Circuit discussed in the previous paragraph. In its August 1996 opinion, the Court of Appeals affirmed the District Court's denial of this claim. The Tribe petitioned the Court of Appeals' panel for rehearing on this issue, but its petition was denied in November 1996. It is unknown whether the Tribe or the United States will seek review of this aspect of the Court of Appeals' decision before the United States Supreme Court. The possibility of an unfavorable outcome concerning the Shell transaction-related claim appears remote.

B. Federal Contingencies:

Federal Financial Assistance - The State receives federal financial assistance for specified purposes which are subject to review and audit in accordance with the Single Audit Act of 1984. Any disallowances resulting from these audits would become the liability of the State. There are no disallowances reported as of June 30, 1996.

USDA Commodities - In fiscal year 1996, the State distributed \$6,796,848 in commodities. The value at June 30, 1996, of commodities stored in the State's warehouses is \$1,643,994 for which the State is liable in the event of loss.

Social Security - The Social Security Administration (SSA) has assessed the State for the alleged failure to withhold and forward social security contributions for part-time employees for the years 1984 through 1986. In January 1996, a final administrative decision was made against the State and local governments establishing a preliminary assessment of \$2.16 million plus simple interest of 6 per cent per annum. Of the principal amount, \$720,000 plus interest of approximately \$1.0 million is estimated to be the initial liability of the State's central payroll; the balance of the amount owing is the initial responsibility of various political subdivisions. The portion of that amount that the State might have to pay because of the current nonexistence of some of those political subdivisions, should not be substantial, approximately \$5,000.

C. Miscellaneous Contingencies:

Commitment fees - The Board of Investments (BOI) and the Montana Health Facility Authority (MHFA) have entered into a capital reserve account agreement for certain bond issues. In accordance with the agreement, the BOI irrevocably committed to lend the MHFA funds sufficient to ensure timely payments of principal and interest on the bonds. If necessary, the loans will be made by the BOI from the Coal Severance Tax Permanent Trust Fund. The total amount of these bonds outstanding as of June 30, 1996, is \$26,515,000.

The BOI has issued its own bonds for the INTERCAP Loans that have also committed funds from the Coal Severance Tax Permanent Trust Fund. The total amount of these bonds outstanding as of June 30, 1996, is \$33,883,215.

Gain Contingencies - Certain natural resource and corporation tax assessments are not reported on the State's financial statements because they are being protested administratively. As of June 30, 1996, the following assessments (by fund type) were outstanding (in thousands):

<u>Taxes</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debit Service</u>	<u>Nonexpendable Trust</u>
Corporation	\$ 6,536	\$ -	\$ 422	\$ -
Coal Severance	9,303	3,233	4,167	18,023
Oil & Gas	3,523	-	-	-
Resource Indemnity	-	356	-	302
Totals	<u>\$ 19,362</u>	<u>\$ 3,589</u>	<u>\$ 4,589</u>	<u>\$ 18,325</u>

Collectibility of these contingencies is dependent upon the decisions of the court, other authorities, or agreed upon settlements. Interest related to Corporation Tax Assessments is distributed 100% to the General Fund.

21. SUBSEQUENT EVENTS

On July 24, 1996, the State issued \$30,075,000 of General Obligation Bonds, Series 1996D (Long-Range Building Program) for building construction.

On July 24, 1996, the Department of Natural Resources and Conservation issued \$1,000,000 of General Obligation Bonds, Series 1996E (Renewable Resource Loan Program).

On August 1, 1996, the Montana Health Facility Authority (MHFA) issued a \$2,313,318 revenue note which was privately placed with GE Capital Public Finance, Inc. This obligation does not constitute a debt, liability, obligation or pledge of faith and credit of the State.

On August 1, 1996 and August 15, 1996, the MHFA issued \$20,730,000 (Series 1996) and \$17,835,000, respectively, of Health Care Facilities Revenue Bonds. These obligations do not constitute a debt, liability, obligation or pledge of faith and credit of the State.

On August 1, 1996 the MHFA issued \$5,085,000 in bonds for its third Master Loan Program. The obligations issued by MHFA do not constitute a debt, liability, obligation or pledge of faith and credit of the State. These bonds are covered by a capital reserve account agreement between MHFA and the Board of Investments (BOI). See Note 20 for additional information on this agreement and other commitments.

On August 15, 1996, the Board of Regents of the Montana University System issued \$43,540,000 of Facilities Improvement and Refunding Revenue Bonds, Series 1996D, for Montana State University. On October 15, 1996, it also issued \$25,541,127 of Facilities Improvement Revenue Bonds, Series 1996D, for the University of Montana.

On September 19, 1996, the Board of Housing (Housing Authority) issued \$65,000,000 of Single Family Program Bonds, Series 1996A.

On September 24, 1996, the Board of Directors of the State Compensation Insurance Fund, a Component Unit of the State of Montana, declared a dividend payable to the Old Fund not to exceed \$109 million from excess surplus funds. State statute requires that any dividends declared must be used to pay off the Old Fund liability. An amount of the dividend not to exceed \$12 million was designated as a return of the New Fund's contributed capital. The State Fund Board of Directors instructed the State of Montana Board of Investments to use the allocated excess surplus funds to retire the outstanding Old Fund bond debt. The timing of such retirement is at the discretion of the Board of Investments (BOI).

On October 3, 1996, the State Compensation Insurance Fund deposited with an escrow agent \$80,061,243 of the \$109 million dividend plus \$11,322,812 of debt service reserve funds and \$8,000,000 of excess OFLT collections not required to pay claims to be invested in federal securities to provide for future debt service payments on the Series 1991 Payroll Tax Bonds. The escrow is irrevocable, but BOI retained the right to call the bonds prior to maturity if the value of the escrow is sufficient to do so. The transaction met the requirements of a legal defeasance and the State Fund defeased \$97,885,000 of the 6.875 percent term bonds due on June 1, 2020.

On October 23, 1996, the State issued \$59,500,000 of Tax and Revenue Anticipation Notes, Series 1996, due June 27, 1997. The proceeds of the Notes provide cash to support expenditures from the general fund, pending the receipt of taxes and revenues, for the fiscal year ending June 30, 1997.

Montana

Combining, Individual Fund and Account Group Statements/Schedules

The financial statements that follow provide detailed information on the financial position and results of operations, by fund, for each fund type. Budget basis schedules provide comparisons of the legally established budget with actual data on the budgetary basis for expenditures/expenses and transfers out. These schedules were compiled from the Statewide Budgeting and Accounting System (SBAS).



GENERAL FUND

The General Fund is used to account for all governmental financial resources except those required to be accounted for in another fund.

STATE OF MONTANA
Schedule of Expenditures and Transfers Out
Budget and Actual (Budget Basis) - General Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
LEGISLATIVE BRANCH				
Legislative Services	\$ 2,384	\$ -	\$ 2,288	\$ 96
Legis Committees & Activities	194	-	113	81
Legislative Services Feed Bill	218	-	102	116
Environmental Analysis	288	-	257	31
Legislature-Senate	432	-	27	405
Legislature-House	729	-	34	695
Fiscal Analysis & Review	859	-	794	65
Audit & Examination	1,462	-	1,426	36
Total Agency	\$ 6,566	\$ -	\$ 5,041	\$ 1,525
JUDICIARY				
Supreme Court Operations	2,032	-	1,999	33
Boards and Commissions	213	-	212	1
Law Library	559	-	559	-
District Court Operations	3,097	-	3,091	6
Clerk of Court	193	-	192	1
District Court Reimbursement	5,000	-	4,703	297
Total Agency	\$ 11,094	\$ -	\$ 10,756	\$ 338
GOVERNOR'S OFFICE				
Executive Office Program	1,036	-	990	46
Mansion Maintenance Program	99	-	89	10
Air Transportation Program	132	-	129	3
Office of Budget & Prog Planning	927	-	912	15
Indian Affairs	94	-	56	38
Lt Governor	183	-	167	16
Citizens Advocate Office	62	-	57	5
Mental Disabilities Bd Visitors	152	-	152	-
Total Agency	\$ 2,685	\$ -	\$ 2,552	\$ 133
SECRETARY OF STATES OFFICE				
Business & Government Services	37	-	-	37
Total Agency	\$ 37	\$ -	\$ -	\$ 37
COMMISSIONER OF POLITICAL PRACTICES				
Administration	364	-	277	87
Total Agency	\$ 364	\$ -	\$ 277	\$ 87
STATE AUDITOR'S OFFICE				
Central Management	300	-	296	4
Insurance	1,478	-	1,435	43
Securities	366	-	361	5
Total Agency	\$ 2,144	\$ -	\$ 2,092	\$ 52
OFFICE OF PUBLIC INSTRUCTION				
OPI Administration	3,753	-	3,260	493
OPI Administration	-	897	350	547
Distribution to Public Schools	464,536	-	455,484	9,052
Distribution to Public Schools	-	261	261	-
Total Agency	\$ 468,289	\$ 1,158	\$ 459,355	\$ 10,092

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - General Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
CRIME CONTROL DIVISION				
Justice System Support Service	\$ 2,196	\$ -	\$ 2,057	139
Total Agency	\$ 2,196	\$ -	\$ 2,057	139
DEPARTMENT OF JUSTICE				
Legal Services Division	2,333	-	1,869	464
Gambling Control Division	456	-	360	96
Motor Vehicle Division	6,034	-	6,015	19
Law Enforcement Services Div	1,947	-	1,917	30
County Attorney Payroll	1,351	-	1,347	4
Law Enforcement Academy Div	828	-	825	3
Central Services Division	171	-	167	4
Computer Svcs & Plan Division	1,039	-	1,035	4
Extradition & Transport Prisoners	142	-	94	48
Forensic Science Division	1,303	-	1,182	121
Total Agency	\$ 15,604	\$ -	\$ 14,811	793
BOARD OF PUBLIC EDUCATION				
Administration	118	-	117	1
Total Agency	\$ 118	\$ -	\$ 117	1
COMMISSIONER OF HIGHER ED				
Administration Program	1,121	-	1,045	76
Student Assistance Program	5,358	-	5,241	117
Community College Assistance	4,869	-	4,869	-
Talent Search	98	-	93	5
CD Perkins Admin	81	-	74	7
Appropriation Distribution	-	96,202	96,202	-
Tribal College Assistance	1,400	-	469	931
Board of Regents-Admin	33	-	20	13
B of R Bond Payments	106	-	106	-
Total Agency	\$ 13,066	\$ 96,202	\$ 108,119	1,149
SCHOOL FOR THE DEAF & BLIND				
Administration Program	248	-	232	16
General Services Program	267	-	267	-
Student Services	820	-	819	1
Education	1,877	-	1,875	2
Total Agency	\$ 3,212	\$ -	\$ 3,193	19
MONTANA ARTS COUNCIL				
Promotion of the Arts	135	-	132	3
Total Agency	\$ 135	\$ -	\$ 132	3
LIBRARY COMMISSION				
State Library Operations	1,495	-	1,353	142
Natural Resource Info System	96	-	41	55
Total Agency	\$ 1,591	\$ -	\$ 1,394	197
HISTORICAL SOCIETY				
Administration Program	578	-	558	20
Library Program	470	-	470	-
Museum Program	228	-	228	-
Publications	-	53	53	-

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - General Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
HISTORICAL SOCIETY				
Historical Sites Preservation	\$ 55	\$ -	\$ 54	1
Total Agency	\$ 1,331	\$ 53	\$ 1,363	21
DEPT OF FISH, WILDLIFE & PARKS				
Law Enforcement Division	111	-	111	-
Parks Division	297	-	294	3
Conservation Education Div	3	-	3	-
Total Agency	\$ 411	\$ -	\$ 408	3
DEPT OF ENVIRONMENTAL QUALITY				
Central Management Program	59	-	46	13
Plan, Prevent & Assist Div	919	-	898	21
Enforcement Division	60	-	9	51
Permitting & Compliance Div	809	-	664	145
Total Agency	\$ 1,847	\$ -	\$ 1,617	230
DEPARTMENT OF TRANSPORTATION				
Transportation Planning Div	250	-	250	-
Total Agency	\$ 250	\$ -	\$ 250	-
DEPARTMENT OF LIVESTOCK				
Centralized Services Program	61	-	54	7
Diagnostic Laboratory Program	138	-	88	50
Inspection & Control Program	20	-	-	20
Meat/Poultry Inspection	267	-	267	-
Total Agency	\$ 486	\$ -	\$ 409	77
DEPT NAT RESOURCE/CONSERVATION				
Trust Land Management Division	3,078	-	3,034	44
Centralized Services	2,499	-	2,347	152
Conservation/Resource Dev Div	116	-	115	1
Water Resources Division	2,972	-	2,945	27
Reserved Water Rights Compact Comm	219	-	218	1
Forestry	5,648	-	5,619	29
Forestry	-	338	338	-
Total Agency	\$ 14,532	\$ 338	\$ 14,616	254
DEPARTMENT OF REVENUE				
Director's Office	1,044	-	977	67
Operations Division	2,387	-	2,387	-
Liquor Division	262	-	259	3
Income Tax	26,013	-	26,010	3
Corporation Tax	1,369	-	1,369	-
Property Valuation	39,345	-	31,636	7,709
Total Agency	\$ 70,420	\$ -	\$ 62,638	7,782
DEPARTMENT OF ADMINISTRATION				
Accounting & Mgmt Support Prog	5,331	-	5,189	142
Accounting & Mgmt Support Prog	-	8,430	6,357	2,073
Procurement & Printing Div	431	-	414	17
Information Services Division	20	-	1	19
General Services Program	257	-	257	-
State Personnel Division	941	-	926	15
State Personnel Division	-	366	-	366

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - General Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
DEPARTMENT OF ADMINISTRATION				
State Tax Appeal Board	\$ 407	\$ -	\$ 306	101
Total Agency	\$ 7,387	\$ 8,796	\$ 13,450	2,733
APPELLATE DEFENDER				
Appellate Defender	101	-	101	-
Total Agency	\$ 101	\$ -	\$ 101	-
LONG-RANGE BUILDING				
Departments & Agencies	114	-	98	16
University System	39	-	1	38
Institutions	737	-	654	83
Total Agency	\$ 890	\$ -	\$ 753	137
DEPARTMENT OF AGRICULTURE				
Central Management Division	188	-	180	8
Central Management Division	-	10	10	-
Agricultural Sciences Div	109	-	101	8
Agricultural Development	208	-	201	7
Total Agency	\$ 505	\$ 10	\$ 492	23
DEPT OF CORRECTIONS				
Admin and Support Services	6,788	-	6,705	83
Community Corrections	23,614	-	23,432	182
Secure Facilities	24,548	-	24,522	26
Mont Correctional Enterprises	979	-	979	-
Total Agency	\$ 55,929	\$ -	\$ 55,638	291
DEPARTMENT OF COMMERCE				
Economic Development Division	954	-	934	20
Community Development Bureau	300	-	300	-
Local Gov't Services Bureau	351	-	329	22
Board of Horse Racing	1	-	-	1
Consumer Affairs	106	-	104	2
Director/Management Services	71	-	70	1
Total Agency	\$ 1,783	\$ -	\$ 1,737	46
LABOR & INDUSTRY				
Job Service Division	402	-	393	9
Employment Relations Division	305	-	297	8
Human Rights Commission	559	-	559	-
Total Agency	\$ 1,266	\$ -	\$ 1,249	17
DEPT OF MILITARY AFFAIRS				
Operations Support	311	-	303	8
Army National Guard Prog	957	-	949	8
Air National Guard Prog	158	-	157	1
Disaster Coordination Response	230	-	225	5
Veterans Affairs Program	556	-	548	8
Disaster Fund	893	-	712	181
Total Agency	\$ 3,105	\$ -	\$ 2,894	211

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - General Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
PUBLIC HEALTH & HUMAN SERVICES				
Child & Family Services Div	\$ 41,427	\$ -	\$ 40,687	740
Child & Family Services Div	-	8	-	8
Director's Office	720	-	620	100
Child Support Enforcement	620	-	532	88
Health & Policy Services Div	48,514	-	47,671	843
Division of Quality Assurance	1,350	-	1,253	97
Operations & Technology Div	9,622	-	9,446	176
Disability Services Division	37,422	-	36,901	521
Senior & Long-Term Care Svcs	40,064	-	40,024	40
Addictive & Mental Disorders	38,909	-	38,735	174
Total Agency	\$ 218,648	\$ 8	\$ 215,869	2,787
AGENCY PROGRAM TOTALS	<u>\$ 905,992</u>	<u>\$ 106,565</u>	<u>\$ 983,380</u>	<u>29,177</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. A brief description of each Special Revenue Fund follows:

State - This fund accounts for money from State and other sources that are earmarked for the purpose of defraying particular costs of an agency, program or function.

Federal - This fund accounts for money from federal sources that is used for the operation of State government.

STATE OF MONTANA
Combining Balance Sheet
Special Revenue Funds
June 30, 1996
(Expressed in Thousands)

	STATE	FEDERAL	TOTALS
ASSETS:			
Cash/Cash Equivalents	\$ 180,057	\$ 47,236	\$ 227,293
Receivables (Net)	32,706	4,447	37,153
Interfund Loans Receivable	33,570	140	33,710
Due from Other Governments	2,545	113,492	116,037
Due from Component Units	546	26	572
Due from Other Funds	7,141	4,740	11,881
Inventories	24,224	23,549	47,773
Long-Term Notes/Loans Receivable	28,352	1,306	29,658
Advances to Other Funds	223	-	223
Investments	-	15,517	15,517
Other Assets	691	606	1,297
TOTAL ASSETS	\$ 310,055	\$ 211,059	\$ 521,114
LIABILITIES/FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 42,121	\$ 67,521	\$ 109,642
Interfund Loans Payable	2,790	43,629	46,419
Advances from Other Funds	1,130	1,648	2,778
Due to Other Governments	962	3,315	4,277
Due to Component Units	533	528	1,061
Due to Other Funds	21,508	11,283	32,791
Deferred Revenue	8,067	33,677	41,744
Property Held in Trust	1,411	48	1,459
Other Liabilities	9	-	9
Total Liabilities	78,531	161,649	240,180
Fund Balances:			
Reserved For:			
Encumbrances	29,517	13,712	43,229
Inventories	24,224	-	24,224
Advances to Other Funds	223	-	223
Long-Term Loans	27,164	1,306	28,470
Trusts	482	13,742	14,224
Unreserved	149,914	20,650	170,564
Total Fund Balances	231,524	49,410	280,934
TOTAL LIABILITIES/FUND BALANCES	\$ 310,055	\$ 211,059	\$ 521,114

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	STATE	FEDERAL	TOTALS
REVENUES:			
Licenses/Permits	\$ 78,572	\$ -	\$ 78,572
Taxes:			
Natural Resource	7,133	-	7,133
Individual Income	8	-	8
Property	6,823	-	6,823
Fuel	176,048	-	176,048
Payroll	541	-	541
Other	50,246	-	50,246
Charges for Services/Fines/Forfeits	36,599	2,786	39,385
Investment Earnings	4,551	2,284	6,835
Sale of Documents/Mdse./Property	4,698	2	4,700
Rentals/Leases/Royalties	107	-	107
Contributions/Premiums	4,165	-	4,165
Grants/Contracts/Donations	8,821	409	9,230
Federal	1,492	853,381	854,873
Federal Indirect Cost Recoveries	11	1,589	1,600
Other Revenues	1,007	37	1,044
 Total Revenues	 380,822	 860,488	 1,241,310
Intrafund Revenues	(1,068)	(1,439)	(2,507)
 Net Revenues	 379,754	 859,049	 1,238,803
 EXPENDITURES:			
Current:			
General Government	5,026	767	5,793
Public Safety/Corrections	30,797	14,953	45,750
Transportation	150,641	171,236	321,877
Health/Social Services	53,783	502,671	556,454
Education/Cultural	3,191	72,068	75,259
Resource Development/Recreation	40,273	14,865	55,138
Economic Development/Assistance	41,384	62,162	103,546
Debt Service:			
Principal Retirement	512	326	838
Interest/Fiscal Charges	1,278	16	1,294
Capital Outlay	18,810	7,755	26,565
 Total Expenditures	 345,695	 846,819	 1,192,514
Intrafund Expenditures	(1,068)	(1,439)	(2,507)
 Net Expenditures	 344,627	 845,380	 1,190,007
 Excess of Revenues Over (Under) Expenditures	 35,127	 13,669	 48,796
 OTHER FINANCING SOURCES (USES):			
Loan Proceeds	1,625	-	1,625
Bond Proceeds	9,360	-	9,360
Proceeds of Refunding Bonds	13,760	-	13,760
Inception of Lease/Installment Contract	67	733	800
General Fixed Asset Sale Proceeds	29	-	29
Operating Transfers In	21,291	98	21,389
Operating Transfers Out	(32,398)	(3,950)	(36,348)
Transfers to Component Units	(15,092)	-	(15,092)
 Total Other Financing Sources (Uses)	 (1,358)	 (3,119)	 (4,477)
 Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	 33,769	 10,550	 44,319
 FUND BALANCES - JULY 1 - As Previously Reported	 208,420	 39,577	 247,997
Prior Period Adjustments	(562)	(386)	(948)
 FUND BALANCES - July 1 - As Restated	 207,858	 39,191	 247,049
 Increase (Decrease) in Inventories	 228	 (4)	 224
Residual Equity Transfers	(10,331)	(327)	(10,658)
 FUND BALANCES - JUNE 30	 \$ 231,524	 \$ 49,410	 \$ 280,934

STATE OF MONTANA
Schedule of Revenues, Expenditures, Other Financing Sources (Uses)
Budget and Actual with Reconciliation of Unreserved Fund Balance per the
Statewide Budgeting and Accounting System (SBAS) to Budget Basis Statement in the GPFS
Special Revenue Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	STATE SPECIAL REVENUE FUND			FEDERAL SPECIAL REVENUE FUND			TOTALS YEAR ENDED JUNE 30		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES:									
Licenses/Permits	\$ 77,613	\$ 78,572	\$ 959	\$ -	\$ -	\$ -	\$ 77,613	\$ 78,572	\$ 959
Taxes:									
Natural Resource	7,906	7,133	(773)	-	-	-	7,906	7,133	(773)
Individual Income	12	8	(4)	-	-	-	12	8	(4)
Corporate Income	-	-	-	-	-	-	-	-	-
Property	6,694	6,823	129	-	-	-	6,694	6,823	129
Fuel	170,130	176,048	5,918	-	-	-	170,130	176,048	5,918
Payroll	482	541	59	-	-	-	482	541	59
Other	49,720	50,246	526	-	-	-	49,720	50,246	526
Charges for Services/Fines/Forfeits	39,108	36,599	(2,509)	2,892	2,786	(106)	42,000	39,385	(2,615)
Investment Earnings	5,057	4,551	(506)	1,809	2,284	475	6,866	6,835	(31)
Sale of Documents/Merchandise/Property	4,388	4,698	310	5	2	(3)	4,393	4,700	307
Rentals/Leases/Royalties	149	107	(42)	-	-	-	149	107	(42)
Contributions/Premiums	3,990	4,165	175	-	-	-	3,990	4,165	175
Grants/Contracts/Donations	11,069	8,821	(2,248)	510	409	(101)	11,579	9,230	(2,349)
Federal	1,610	1,492	(118)	1,036,655	853,381	(183,274)	1,038,265	854,873	(183,392)
Federal Indirect Cost Recoveries	52	11	(41)	1,707	1,589	(118)	1,759	1,600	(159)
Other Revenues	1,073	1,007	(66)	-	37	37	1,073	1,044	(29)
Total Revenues	379,053	380,822	1,769	1,043,578	860,488	(183,090)	1,422,631	1,241,310	(181,321)
EXPENDITURES:									
Current:									
General Government	31,340	3,898	27,442	22,147	767	21,380	53,487	4,665	48,822
Public Safety/Corrections	33,053	30,862	2,191	38,552	15,037	23,515	71,605	45,899	25,706
Transportation	162,947	150,920	12,027	198,227	171,590	26,637	361,174	322,510	38,664
Health/Social Services	56,572	50,157	6,415	473,062	452,092	20,970	529,634	502,249	27,385
Education/Cultural	4,574	3,090	1,484	138,867	72,254	66,613	143,441	75,344	68,097
Resource Development/Recreation	72,877	39,411	33,466	48,441	14,043	34,398	121,318	53,454	67,864
Economic Development/Assistance	43,416	32,640	10,776	76,865	62,822	14,043	120,281	95,462	24,819
Debt Service:									
Principal Retirement	512	512	-	333	333	-	845	845	-
Interest/Fiscal Charges	793	793	-	16	16	-	809	809	-
Capital Outlay	20,067	20,067	-	7,684	7,684	-	27,751	27,751	-
Total Expenditures	426,151	332,350	93,801	1,004,194	796,638	207,556	1,430,345	1,128,988	301,357
Excess of Rev. Over (Under) Expend.	(47,098)	48,472	95,570	39,384	63,850	24,466	(7,714)	112,322	120,036
OTHER FINANCING SOURCES (USES):									
Loan Proceeds	2,360	1,625	(735)	11,000	-	(11,000)	13,360	1,625	(11,735)
Bond Proceeds	8,095	9,360	1,265	-	-	-	8,095	9,360	1,265
Proceeds of Refunding Bonds	13,760	13,760	-	-	-	-	13,760	13,760	-
General Fixed Asset Sale Proceeds	19	29	10	-	-	-	19	29	10
Operating Transfers In	53,600	18,352	(35,248)	5,449	3,231	(2,218)	59,049	21,583	(37,466)
Operating Transfers Out	(3,443)	(2,120)	1,323	(3,645)	(3,249)	396	(7,088)	(5,369)	1,719
Transfers to Component Units	(15,092)	(15,092)	-	-	-	-	(15,092)	(15,092)	-
Total Other Financing Sources (Uses)	59,299	25,914	(33,385)	12,804	(18)	(12,822)	72,103	25,896	(46,207)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (Budgetary Basis)	12,201	74,386	62,185	52,188	63,832	11,644	64,389	138,218	73,829
RECONCILIATION OF BUDGETARY/GAAP REPORTING:									
1. Adjust expenditures for encumbrances.	-	(9,272)	(9,272)	-	7,607	7,607	-	(1,665)	(1,665)
2. Adjustments for appropriated loans/ other nonbudgeted activity.	-	(31,345)	(31,345)	-	(60,889)	(60,889)	-	(92,234)	(92,234)
3. Intrafund elimination - Transfers In	-	(17,287)	(17,287)	-	(32,056)	(32,056)	-	(49,343)	(49,343)
4. Intrafund elimination - Transfers Out	-	17,287	17,287	-	32,056	32,056	-	49,343	49,343
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses (GAAP Basis)	12,201	33,769	21,568	52,188	10,550	(41,638)	64,389	44,319	(20,070)
Unreserved Fund Balances - July 1	130,079	130,079	-	22,886	22,886	-	152,965	152,965	-
Residual Equity Transfers	(10,331)	(10,331)	-	(327)	(327)	-	(10,658)	(10,658)	-
Prior Period Adjustments	-	(562)	(562)	-	(386)	(386)	-	(948)	(948)
Decrease (Increase):									
Encumbrances Reserve	-	(469)	(469)	-	(5,666)	(5,666)	-	(6,135)	(6,135)
Advances to Other Funds Reserve	-	(13)	(13)	-	-	-	-	(13)	(13)
Long-Term Loans Reserve	-	(2,077)	(2,077)	-	(665)	(665)	-	(2,742)	(2,742)
Trusts/Endowments Reserve	-	(482)	(482)	-	(5,742)	(5,742)	-	(6,224)	(6,224)
Unreserved Fund Balances - June 30	\$ 131,949	\$ 149,914	\$ 17,965	\$ 74,747	\$ 20,650	\$ (54,097)	\$ 206,696	\$ 170,564	\$ (36,132)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out
Budget and Actual (Budget Basis) - State Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
LEGISLATIVE BRANCH				
Legislative Services	\$ 972	\$ -	\$ 972	-
Legis Committees & Activities	40	-	22	18
Water Policy	28	-	10	18
Audit & Examination	1,289	-	1,054	235
Total Agency	\$ 2,329	\$ -	\$ 2,058	\$ 271
CONSUMER COUNSEL				
Administration Program	1,021	-	817	204
Total Agency	\$ 1,021	\$ -	\$ 817	\$ 204
JUDICIARY				
Supreme Court Operations	991	-	575	416
District Court Operations	580	-	580	-
Water Courts Supervision	557	-	555	2
Total Agency	\$ 2,128	\$ -	\$ 1,710	\$ 418
MT CHIROPRACTIC LEGAL PANEL				
Legal Panel Operations	14	-	14	-
Total Agency	\$ 14	\$ -	\$ 14	-
GOVERNOR'S OFFICE				
Executive Office Program	322	-	155	167
Air Transportation Program	15	-	15	-
Office of Budget & Prog Planning	25	-	25	-
Lt Governor	6	-	6	-
Total Agency	\$ 368	\$ -	\$ 201	\$ 167
STATE AUDITOR'S OFFICE				
Central Management	24	-	24	-
Insurance	398	-	397	1
Securities	74	-	73	1
Local Assistance Distributions	8,896	-	8,896	-
Pension Adj Retired Firemen	1,150	-	1,050	100
Total Agency	\$ 10,542	\$ -	\$ 10,440	\$ 102
OFFICE OF PUBLIC INSTRUCTION				
OPI Administration	449	-	352	97
Distribution to Public Schools	1,072	-	1,016	56
Total Agency	\$ 1,521	\$ -	\$ 1,368	\$ 153
DEPARTMENT OF JUSTICE				
Legal Services Division	2,737	-	1,853	884
Gambling Control Division	2,108	-	2,099	9
Motor Vehicle Division	1,112	-	1,112	-
Highway Patrol Division	14,557	-	14,536	21
Law Enforcement Services Div	440	-	431	9
Law Enforcement Academy Div	10	-	6	4
Central Services Division	340	-	294	46
Computer Svcs & Plan Division	377	-	376	1
Forensic Science Division	256	-	256	-
Total Agency	\$ 21,937	\$ -	\$ 20,963	\$ 974

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - State Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
PUBLIC SERVICE REGULATION				
Public Service Regulation Prog	\$ 2,192	\$ -	\$ 2,013	179
Total Agency	\$ 2,192	\$ -	\$ 2,013	179
BOARD OF PUBLIC EDUCATION				
Administration	10	-	10	-
Advisory Council	165	-	120	45
Total Agency	\$ 175	\$ -	\$ 130	45
COMMISSIONER OF HIGHER ED				
Administration Program	74	-	32	42
Vo-Tech Approp Distrib	-	-	-	-
Appropriation Distribution	-	16,334	16,201	133
Total Agency	\$ 74	\$ 16,334	\$ 16,233	175
SCHOOL FOR THE DEAF & BLIND				
Education	295	-	273	22
Total Agency	\$ 295	\$ -	\$ 273	22
MONTANA ARTS COUNCIL				
Promotion of the Arts	881	-	313	568
Promotion of the Arts	-	1	-	1
Total Agency	\$ 881	\$ 1	\$ 313	569
LIBRARY COMMISSION				
State Library Operations	193	-	185	8
Natural Resource Info System	1,180	-	615	565
Total Agency	\$ 1,373	\$ -	\$ 800	573
HISTORICAL SOCIETY				
Administration Program	236	-	205	31
Library Program	13	-	4	9
Museum Program	60	-	16	44
Total Agency	\$ 309	\$ -	\$ 225	84
DEPT OF FISH, WILDLIFE & PARKS				
Administration & Finance Div	3,235	-	3,189	46
Administration & Finance Div	-	209	209	-
Field Services Division	2,935	-	2,425	510
Fisheries Division	3,262	-	3,005	257
Law Enforcement Division	5,365	-	5,084	281
Wildlife Division	4,272	-	3,350	922
Parks Division	4,633	-	4,454	179
Capital Outlay	23,263	-	3,356	19,907
Conservation Education Div	1,586	-	1,539	47
Department Management	2,631	-	2,451	180
Total Agency	\$ 51,182	\$ 209	\$ 29,062	22,329
DEPT OF ENVIRONMENTAL QUALITY				
Central Management Program	1,163	-	-	1,163
Petroleum Tank Release Comp Bd	7,350	-	6,666	684
Plan, Prevent & Assist Div	2,632	-	1,572	1,060
Plan, Prevent & Assist Div	-	1,308	562	746
Enforcement Division	414	-	219	195

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - State Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
DEPT OF ENVIRONMENTAL QUALITY				
Remediation Division	\$ 2,429	\$ -	\$ 1,752	\$ 677
Permitting & Compliance Div	6,748	-	6,113	635
Permitting & Compliance Div	-	4	4	-
Total Agency	\$ 20,736	\$ 1,312	\$ 16,888	\$ 5,160
DEPARTMENT OF TRANSPORTATION				
General Operations Program	27,531	-	27,378	153
Construction Program	73,634	-	64,528	9,106
Maintenance Program	63,189	-	62,094	1,095
Motor Carrier Services Div	4,370	-	4,219	151
Aeronautics Program	955	-	862	93
Aeronautics Program	-	18	17	1
Transportation Planning Div	1,625	-	1,092	533
Total Agency	\$ 171,304	\$ 18	\$ 160,190	\$ 11,132
DEPARTMENT OF LIVESTOCK				
Centralized Services Program	720	-	667	53
Diagnostic Laboratory Program	932	-	932	-
Disease Control Program	655	-	584	71
Milk & Egg Program	156	-	153	3
Inspection & Control Program	2,289	-	2,283	6
Predator Control	447	-	440	7
Meat/Poultry Inspection	6	-	-	6
Milk Control Bureau	235	-	220	15
Total Agency	\$ 5,440	\$ -	\$ 5,279	\$ 161
DEPT NAT RESOURCE/CONSERVATION				
Trust Land Management Division	2,654	-	2,341	313
Centralized Services	650	-	645	5
Oil & Gas Conservation Div	2,676	-	1,037	1,639
Conservation/Resource Dev Div	6,786	-	2,546	4,240
Water Resources Division	8,006	-	3,885	4,121
Reserved Water Rights Compact Comm	293	-	290	3
Forestry	2,280	-	2,202	78
Total Agency	\$ 23,345	\$ -	\$ 12,946	\$ 10,399
DEPARTMENT OF REVENUE				
Director's Office	4	-	4	-
Operations Division	1,442	-	1,432	10
Income Tax	983	-	977	6
Corporation Tax	581	-	581	-
Property Valuation	40	-	37	3
Total Agency	\$ 3,050	\$ -	\$ 3,031	\$ 19
DEPARTMENT OF ADMINISTRATION				
Accounting & Mgmt Support Prog	15	-	7	8
Accounting & Mgmt Support Prog	-	25	24	1
Architecture & Engineering Prog	845	-	754	91
Information Services Division	1,630	-	1,496	134
Information Services Division	-	104	104	-
General Services Program	60	-	60	-
Risk Management & Tort Defense	-	208	88	120
Total Agency	\$ 2,550	\$ 337	\$ 2,533	\$ 354

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - State Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
LONG-RANGE BUILDING				
Departments & Agencies	\$ 23,817	\$ -	\$ 4,938	\$ 18,879
Departments & Agencies	-	309	-	309
University System	209	-	29	180
Institutions	405	-	30	375
Total Agency	\$ 24,431	\$ 309	\$ 4,997	\$ 19,743
DEPARTMENT OF AGRICULTURE				
Central Management Division	268	-	263	5
Agricultural Sciences Div	3,832	-	3,633	199
Agricultural Development	3,035	-	2,648	387
Agricultural Development	-	-	-	-
Total Agency	\$ 7,135	\$ -	\$ 6,544	\$ 591
DEPT OF CORRECTIONS				
Admin and Support Services	25	-	25	-
Community Corrections	138	-	132	6
Secure Facilities	1,274	-	1,269	5
Total Agency	\$ 1,437	\$ -	\$ 1,426	\$ 11
DEPARTMENT OF COMMERCE				
Weight & Measures Bureau	593	-	559	34
Banking & Financial Division	1,223	-	1,144	79
POL Bureau	3,850	-	3,278	572
Economic Development Division	465	-	453	12
Montana Promotion Division	9,112	-	8,827	285
Community Development Bureau	9,392	-	4,602	4,790
Building Codes Bureau	1,986	-	1,908	78
Mt Science & Tech Alliance	359	-	297	62
Board of Horse Racing	266	-	228	38
Director/Management Services	202	-	176	26
Total Agency	\$ 27,448	\$ -	\$ 21,472	\$ 5,976
LABOR & INDUSTRY				
Job Service Division	6,652	-	5,611	1,041
Commissioner's Office/CSD	812	-	586	226
Employment Relations Division	4,816	-	4,342	474
Human Rights Commission	22	-	20	2
Workers Compensation Court	366	-	341	25
Total Agency	\$ 12,668	\$ -	\$ 10,900	\$ 1,768
DEPT OF MILITARY AFFAIRS				
Army National Guard Prog	5	-	2	3
Disaster Coordination Response	10	-	3	7
Veterans Affairs Program	66	-	62	4
Total Agency	\$ 81	\$ -	\$ 67	\$ 14
PUBLIC HEALTH & HUMAN SERVICES				
Child & Family Services Div	7,516	-	7,353	163
Director's Office	884	-	785	99
Child Support Enforcement	2,481	-	2,465	16
Health & Policy Services Div	10,173	-	9,383	790
Division of Quality Assurance	106	-	2	104
Operations & Technology Div	3,480	-	3,089	391
Disability Services Division	264	-	261	3
Disability Services Division	-	14	14	-
Senior & Long-Term Care Svcs	2,352	-	2,336	16

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - State Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
PUBLIC HEALTH & HUMAN SERVICES				
Addictive & Mental Disorders	\$ 3,744	\$ -	\$ 3,628	116
Total Agency	\$ 31,000	\$ 14	\$ 29,316	1,698
AGENCY PROGRAM TOTALS	<u>\$ 426,966</u>	<u>\$ 18,534</u>	<u>\$ 362,209</u>	<u>83,291</u>

STATE OF MONTANA
Schedule of Expenditures and Transfers Out
Budget and Actual (Budget Basis) - Federal Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
JUDICIARY				
Supreme Court Operations	\$ 174	\$ -	\$ 115	\$ 59
Total Agency	\$ 174	\$ -	\$ 115	\$ 59
GOVERNOR'S OFFICE				
Executive Office Program	150	-	50	100
Indian Affairs	13	-	-	13
Lt Governor	109	-	98	11
Citizens Advocate Office	15	-	15	-
Mental Disabilities Bd Visitors	63	-	23	40
Total Agency	\$ 350	\$ -	\$ 186	\$ 164
OFFICE OF PUBLIC INSTRUCTION				
OPI Administration	5,740	-	4,519	1,221
Distribution to Public Schools	122,306	-	59,518	62,788
Total Agency	\$ 128,046	\$ -	\$ 64,037	\$ 64,009
CRIME CONTROL DIVISION				
Justice System Support Service	7,670	-	5,407	2,263
Total Agency	\$ 7,670	\$ -	\$ 5,407	\$ 2,263
DEPARTMENT OF JUSTICE				
Legal Services Division	190	-	67	123
Motor Vehicle Division	70	-	70	-
Highway Patrol Division	1,746	-	823	923
Law Enforcement Services Div	2,681	-	1,933	748
Law Enforcement Academy Div	42	-	16	26
Central Services Division	127	-	2	125
Computer Svcs & Plan Division	425	-	121	304
Forensic Science Division	128	-	94	34
Total Agency	\$ 5,409	\$ -	\$ 3,126	\$ 2,283
PUBLIC SERVICE REGULATION				
Public Service Regulation Prog	36	-	25	11
Total Agency	\$ 36	\$ -	\$ 25	\$ 11
COMMISSIONER OF HIGHER ED				
Student Assistance Program	305	-	175	130
DDE Mathematics & Sci Ed Act	318	-	191	127
Talent Search	443	-	408	35
CD Perkins Admin	2,866	-	2,532	334
CD Perkins Admin	-	3,041	3,002	39
Guaranteed Student Loan Prog	3,281	-	2,739	542
Total Agency	\$ 7,213	\$ 3,041	\$ 9,047	\$ 1,207
SCHOOL FOR THE DEAF & BLIND				
Student Services	31	-	31	-
Education	112	-	74	38
Total Agency	\$ 143	\$ -	\$ 105	\$ 38

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Federal Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
MONTANA ARTS COUNCIL				
Promotion of the Arts	\$ 799	\$ -	\$ 600	\$ 199
Total Agency	\$ 799	\$ -	\$ 600	\$ 199
LIBRARY COMMISSION				
State Library Operations	1,629	-	753	876
Natural Resource Info System	315	-	172	143
Natural Resource Info System	-	19	-	19
Total Agency	\$ 1,944	\$ 19	\$ 925	\$ 1,038
VOCATIONAL EDUCATION COUNCIL				
Administration Program	169	-	159	10
Total Agency	\$ 169	\$ -	\$ 159	\$ 10
HISTORICAL SOCIETY				
Administration Program	46	-	46	-
Museum Program	89	-	48	41
Publications	26	-	8	18
Historical Sites Preservation	573	-	453	120
Total Agency	\$ 734	\$ -	\$ 555	\$ 179
DEPT OF FISH, WILDLIFE & PARKS				
Administration & Finance Div	466	-	411	55
Field Services Division	1,594	-	999	595
Fisheries Division	4,288	-	4,018	270
Law Enforcement Division	400	-	241	159
Wildlife Division	3,822	-	3,625	197
Parks Division	688	-	189	499
Capital Outlay	3,151	-	754	2,397
Conservation Education Div	660	-	449	211
Department Management	707	-	648	59
Total Agency	\$ 15,776	\$ -	\$ 11,334	\$ 4,442
DEPT OF ENVIRONMENTAL QUALITY				
Central Management Program	1,490	-	-	1,490
Plan, Prevent & Assist Div	6,383	-	3,765	2,618
Plan, Prevent & Assist Div	-	25	-	25
Enforcement Division	455	-	396	59
Remediation Division	8,336	-	7,753	583
Permitting & Compliance Div	2,344	-	2,224	120
Permitting & Compliance Div	-	16	16	-
Total Agency	\$ 19,008	\$ 41	\$ 14,154	\$ 4,895
DEPARTMENT OF TRANSPORTATION				
General Operations Program	373	-	206	167
Construction Program	189,337	-	166,244	23,093
Aeronautics Program	99	-	75	24
Transportation Planning Div	8,838	-	5,390	3,448
Total Agency	\$ 198,647	\$ -	\$ 171,915	\$ 26,732
DEPARTMENT OF LIVESTOCK				
Centralized Services Program	24	-	24	-
Milk & Egg Program	31	-	31	-
Meat/Poultry Inspection	273	-	269	4
Total Agency	\$ 328	\$ -	\$ 324	\$ 4

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Federal Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
DEPT NAT RESOURCE/CONSERVATION				
Trust Land Management Division	\$ 130	\$ -	\$ 79	\$ 51
Centralized Services	24	-	22	2
Conservation/Resource Dev Div	122	-	122	-
Water Resources Division	32,022	-	1,620	30,402
Forestry	1,044	-	936	108
Total Agency	\$ 33,342	\$ -	\$ 2,779	\$ 30,563
DEPARTMENT OF REVENUE				
Director's Office	1	-	1	-
Corporation Tax	235	-	225	10
Total Agency	\$ 236	\$ -	\$ 226	\$ 10
DEPARTMENT OF ADMINISTRATION				
Accounting & Mgmt Support Prog	18	-	4	14
Information Services Division	200	-	-	200
Total Agency	\$ 218	\$ -	\$ 4	\$ 214
LONG-RANGE BUILDING				
Departments & Agencies	21,859	-	943	20,916
Institutions	162	-	91	71
Institutions	-	23	23	-
Total Agency	\$ 22,021	\$ 23	\$ 1,057	\$ 20,987
DEPARTMENT OF AGRICULTURE				
Central Management Division	83	-	65	18
Agricultural Sciences Div	562	-	470	92
Agricultural Development	40	-	11	29
Total Agency	\$ 685	\$ -	\$ 546	\$ 139
DEPT OF CORRECTIONS				
Community Corrections	812	-	801	11
Secure Facilities	321	-	272	49
Total Agency	\$ 1,133	\$ -	\$ 1,073	\$ 60
DEPARTMENT OF COMMERCE				
Economic Development Division	4,143	-	3,186	957
Community Development Bureau	6,848	-	4,899	1,949
Housing Division	23,719	-	17,061	6,658
Director/Management Services	6	-	6	-
Total Agency	\$ 34,716	\$ -	\$ 25,152	\$ 9,564
LABOR & INDUSTRY				
Job Service Division	25,424	-	22,124	3,300
Commissioner's Office/CSD	714	-	392	322
Employment Relations Division	5,524	-	4,946	578
Human Rights Commission	446	-	267	179
Total Agency	\$ 32,108	\$ -	\$ 27,729	\$ 4,379
DEPT OF MILITARY AFFAIRS				
Operations Support	31	-	30	1
Military Capital Construction	18,312	-	259	18,053
Army National Guard Prog	2,568	-	2,237	331
Air National Guard Prog	1,499	-	1,475	24

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Federal Special Revenue Fund
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
DEPT OF MILITARY AFFAIRS				
Disaster Coordination Response	\$ 1,501	\$ -	\$ 1,305	\$ 196
Disaster Fund	1,284	-	1,088	196
Total Agency	\$ 25,195	\$ -	\$ 6,394	\$ 18,801
PUBLIC HEALTH & HUMAN SERVICES				
Child & Family Services Div	89,719	-	81,429	8,290
Child & Family Services Div	-	311	-	311
Director's Office	1,007	-	1,002	5
Child Support Enforcement	6,304	-	5,959	345
Health & Policy Services Div	169,828	-	165,708	4,120
Division of Quality Assurance	2,796	-	2,514	282
Division of Quality Assurance	-	210	208	2
Operations & Technology Div	18,352	-	17,961	391
Disability Services Division	40,813	-	39,292	1,521
Senior & Long-Term Care Svcs	107,380	-	106,671	709
Addictive & Mental Disorders	18,513	-	16,012	2,501
Total Agency	\$ 454,712	\$ 521	\$ 436,756	\$ 18,477
AGENCY PROGRAM TOTALS	\$ 990,812	\$ 3,645	\$ 783,730	\$ 210,727



DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for the payment of general long-term obligation principal and interest. A brief description of each Debt Service Fund follows:

Coal Tax Bonds - Moneys in this fund are pledged for the payment of principal and interest on all State of Montana coal severance tax bonds.

Long-Range Building Program - This fund accounts for the payment of all long-range building program bonds and interest.

Water Development - This fund accounts for coal severance taxes pledged to retire bonds sold to make loans/grants for water development projects and activities, as prioritized by the Legislature.

Highway Revenue Bonds - This fund accounts for gasoline taxes pledged for payment of principal and interest on bonds issued for the purpose of constructing highways in Montana.

Transportation Building Complex - This fund accounts for gasoline taxes pledged for the payment of principal and interest on bonds issued for the purpose of acquiring a site and erecting and equipping the headquarter's building complex for the Montana Department of Transportation.

Department of Social and Rehabilitation Services (SRS) Building - The building occupied by SRS is owned by the Teachers' Retirement System and is leased to the State through a lease-purchase agreement. This fund accounts for the lease payments to the retirement system.

Renewable Resource - This fund accounts for coal severance taxes pledged to retire bonds that were sold to provide funds to finance renewable resource projects.

Water Conservation Bonds - This fund accounts for Water Conservation Bonds issued for four projects: Sidney, Little Dry, South Side Canal and Petrolia.

Energy Bonds - This fund accounts for General Obligation bonds issued for State Building Energy Conservation Projects.

STATE OF MONTANA
Combining Balance Sheet
Debt Service Funds
June 30, 1996
(Expressed in Thousands)

	COAL TAX BONDS	LONG- RANGE BUILDING PROGRAM	WATER DEVELOP- MENT	HIGHWAY REVENUE BONDS	SRS BLDG	RENEW- ABLE RESOURCE	WATER CONSER- VATION BONDS	ENERGY BONDS	TOTALS
ASSETS:									
Cash/Cash Equivalents	\$ 6,277	\$ 9,668	\$ 1,709	\$ 13,440	\$ 75	\$ 1	\$ -	\$ 298	\$ 31,468
Receivables (Net)	327	2,563	409	-	-	-	-	-	3,299
Due from Other Funds	-	51	1	-	-	-	-	34	86
Due from Component Units	-	5	-	-	-	-	-	-	5
Long-Term Notes/Loans Receivable	30,190	-	4,710	-	-	-	67	-	34,967
Investments	1,576	-	-	-	-	-	-	-	1,576
TOTAL ASSETS	\$ 38,370	\$ 12,287	\$ 6,829	\$ 13,440	\$ 75	\$ 1	\$ 67	\$ 332	\$ 71,401
LIABILITIES/FUND BALANCES:									
Liabilities:									
Accounts Payable	\$ -	\$ 3,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 3,831
Due to Component Units	-	25	-	-	-	-	-	-	25
Due to Other Funds	8	1,504	314	-	-	-	-	225	2,051
Deferred Revenue	-	852	-	-	-	-	-	-	852
Total Liabilities	8	6,210	314	-	-	-	-	227	6,759
Fund Balances:									
Reserved for Long-Term Loans	30,190	-	4,710	-	-	-	67	-	34,967
Reserved for Debt Service	8,172	6,077	1,805	13,440	75	1	-	105	29,675
Total Fund Balances	38,362	6,077	6,515	13,440	75	1	67	105	64,642
TOTAL LIABILITIES/FUND BALANCES	\$ 38,370	\$ 12,287	\$ 6,829	\$ 13,440	\$ 75	\$ 1	\$ 67	\$ 332	\$ 71,401

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Debt Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	COAL TAX BONDS	LONG- RANGE BUILDING PROGRAM	WATER DEVELOP- MENT	HIGHWAY REVENUE BONDS	TRANS BLDG COMPLEX	SRS BLDG	RENEW- ABLE RESOURCE	WATER CONSER- VATION BONDS	ENERGY BONDS	TOTALS
REVENUES:										
Taxes:										
Gas/Oil/Coal Production	\$ -	\$ -	\$ 339	\$ -	\$ -	\$ -	(5)	\$ -	\$ -	334
Individual Income	-	33,607	-	-	-	-	-	-	-	33,607
Corporate Income	-	6,724	-	-	-	-	-	-	-	6,724
Cigarette/Tobacco	-	10,531	-	-	-	-	-	-	-	10,531
Charges for Services/Fines/Forfeits	-	639	1	-	-	196	-	-	501	1,337
Investment Earnings	1,941	1,266	1,090	388	28	-	1	6	103	4,823
Federal	-	227	-	-	-	-	-	-	-	227
Sale of Documents/Mdse./Property	1,847	-	-	-	-	-	-	-	-	1,847
Total Revenues	3,788	52,994	1,430	388	28	196	(4)	6	604	59,430
Intrafund Revenues	-	-	(162)	-	-	-	-	-	-	(162)
Net Revenues	3,788	52,994	1,268	388	28	196	(4)	6	604	59,268
EXPENDITURES:										
Principal Retirement	16,369	13,015	351	10,721	600	163	-	3	255	41,477
Interest/Fiscal Charges	3,506	4,593	551	4,704	30	14	-	3	143	13,544
Capital Outlay	-	-	-	-	-	12	-	-	-	12
Total Expenditures	19,875	17,608	902	15,425	630	189	-	6	398	55,033
Intrafund Expenditures	-	-	(162)	-	-	-	-	-	-	(162)
Net Expenditures	19,875	17,608	740	15,425	630	189	-	6	398	54,871
Excess of Revenues Over (Under) Expenditures	(16,087)	35,386	528	(15,037)	(602)	7	(4)	-	206	4,397
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	14,095	9,153	174	15,258	-	-	-	-	9	38,689
Operating Transfers Out	(38)	(53,081)	(653)	-	-	-	-	-	(201)	(53,973)
Total Other Financing Sources (Uses)	14,057	(43,928)	(479)	15,258	-	-	-	-	(192)	(15,284)
Excess of Revenues/Other Sources Over (Under) Expenditures/ Other Uses	(2,030)	(8,542)	49	221	(602)	7	(4)	-	14	(10,887)
FUND BALANCES - July 1 -										
As Previously Reported	36,404	14,619	6,682	13,219	630	68	45	312	89	72,068
Prior Period Adjustments	2,744	-	(1,336)	-	-	-	-	(245)	-	1,163
FUND BALANCES - July 1 - As Restated	39,148	14,619	5,346	13,219	630	68	45	67	89	73,231
Residual Equity Transfers	1,244	-	1,120	-	(28)	-	(40)	-	2	2,298
FUND BALANCES - June 30	\$ 38,362	\$ 6,077	\$ 6,515	\$ 13,440	\$ -	\$ 75	\$ 1	\$ 67	\$ 105	\$ 64,642



CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major governmental general fixed assets. A brief description of each Capital Projects Fund follows:

Long-Range Building Program - This fund is maintained to account for resources received and expended for the State's long-range building program. The long-range building program includes costs for the acquisition, construction and improvement of major fixed assets financed by general obligation bonds and interest earned on bond proceeds.

Federal/Private Construction Grants - This fund accounts for federal grants, private donations and federal matching funds that are restricted to general fixed asset construction.

Capital Land Grant - This fund accounts for revenues and expenditures from the capital land grant. Revenues are dedicated for the purpose of constructing capital buildings or additions thereto. Revenues may be transferred to a Debt Service Fund for the payment of principal and interest on bonds issued for capital building construction.

STATE OF MONTANA
Combining Balance Sheet
Capital Projects Funds
June 30, 1996
(Expressed in Thousands)

	LONG-RANGE BUILDING	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTALS
ASSETS:				
Cash/Cash Equivalents	\$ 18,629	\$ 522	\$ -	\$ 19,151
Receivables (Net)	1,075	-	-	1,075
Due from Other Funds	274	-	28	302
Other Assets	1	-	4	5
TOTAL ASSETS	\$ 19,979	\$ 522	\$ 32	\$ 20,533
LIABILITIES/FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 2,357	\$ 73	\$ -	\$ 2,430
Interfund Loans Payable	5,100	-	-	5,100
Due to Other Funds	5,264	74	-	5,338
Total Liabilities	12,721	147	-	12,868
Fund Balances:				
Reserved for Encumbrances	4	-	-	4
Unreserved	7,254	375	32	7,661
Total Fund Balances	7,258	375	32	7,665
TOTAL LIABILITIES/FUND BALANCES	\$ 19,979	\$ 522	\$ 32	\$ 20,533

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	LONG-RANGE BUILDING	FEDERAL/ PRIVATE CONSTRUCTION GRANTS	CAPITAL LAND GRANT	TOTALS
REVENUES:				
Taxes:				
Natural Resource	\$ 4,352	\$ -	\$ -	\$ 4,352
Cigarette/Tobacco	2,281	-	-	2,281
Charges for Services/Fines/Forfeits	461	-	-	461
Investment Earnings	641	-	-	641
Total Revenues	7,735	-	-	7,735
EXPENDITURES:				
Current:				
General Government	51	-	-	51
Resource Development/Recreation	41	-	-	41
Capital Outlay	21,744	2,305	-	24,049
Total Expenditures	21,836	2,305	-	24,141
Excess of Revenues Over (Under)				
Expenditures	(14,101)	(2,305)	-	(16,406)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	191	-	604	795
Operating Transfers Out	(669)	-	(600)	(1,269)
Total Other Financing Sources (Uses)	(478)	-	4	(474)
Excess of Revenues/Other Sources Over (Under) Expenditures/Other Uses	(14,579)	(2,305)	4	(16,880)
FUND BALANCES - July 1 - As Previously Reported	27,037	2,680	28	29,745
Residual Equity Transfers	(5,200)	-	-	(5,200)
FUND BALANCES - June 30	\$ 7,258	\$ 375	\$ 32	\$ 7,665

STATE OF MONTANA
Project-Length Schedule of Expenditures and Transfers Out
Budget and Actual (Budget Basis) - Capital Projects Fund Type
Beginning of Project to June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
DEPT NAT RESOURCE/CONSERVATION				
Centralized Services	\$ 8	\$ -	\$ 1	7
Forestry	100	-	44	56
Total Agency	\$ 108	\$ -	\$ 45	63

DEPARTMENT OF ADMINISTRATION

Accounting & Mgmt Support Prog	-	600	541	59
Architecture & Engineering Prog	-	830	632	198
General Services Program	-	59	59	-
Total Agency	\$ -	\$ 1,489	\$ 1,232	257

LONG-RANGE BUILDING

State Nursing Home For Vets	1,979	-	1,898	81
Region 7 Headquarters-Miles City	950	-	936	14
Anaconda Hatchery	2,200	-	2,200	-
State Vets Home Trans Mac	-	13	13	-
Constr MDC-HB0963	10,500	-	10,125	375
Install Fire Alarm Sys-UM	70	-	64	6
Replace & Improve Roofs Univ Sys	1,155	-	995	160
Improve Underground Util #1 Univ Sys	296	-	280	16
Repair & Improve Heating Sys WMC	58	-	58	-
Improve Handicap Acc Univ Sys	335	-	318	17
Improve Sidewalks/Fire Acc Univ Sys	86	-	45	41
Window Retrofit MUS Bldg Mt Tech	142	-	142	-
Constr Eng/Phy Sci Comp MSU	18,402	-	15,021	3,381
Prelim Design Bus Admin UM	184	-	184	-
Constr Bus Admin Bldg UM	12,943	-	12,373	570
Hazardous Material Abatement	595	-	400	195
Construction Litigation A & E	345	-	330	15
Prop Acq & Dev-Cap Complex	20	-	-	20
Replace Roof & Misc Repairs-MSDB	339	-	239	100
Replace & Repair Roofs-Fam Svcs	128	-	77	51
Kitchen Upgrade-Statewide	5	-	-	5
Rifle Range Rehab-Statewide	10	-	-	10
Armory Addn & Alter-Statewide	1	-	-	1
Acq Land & Preplan Armory-Blgs	90	-	87	3
Military Vehicle Complex-Statewide	5	-	-	5
Libby Armory	400	-	400	-
Replace Water & Steam Lines MDC	117	-	117	-
Replace Roofs-Prison	30	-	30	-
Moisture Prot Eastmont HSC	98	-	98	-
Seal Bldgs Mt State Prison	25	-	-	25
Replace Multi Bldg Floor Mt St Hosp	27	-	-	27
Galen Repair Projects	181	-	166	15
Prelim Design-Prison	878	-	878	-
Major Expan Mt State Prison	6,705	-	4,836	1,869
Constr Women's Corr Ctr	10,076	-	4,539	5,537
Constr Fish Hatchery-Creston Sp	455	-	200	255
Constr Eng/Phy Sci Comp MSU	453	-	453	-
Libby Armory-HB5	230	-	229	1
Enviro Haz Fund Statewide-HB5	850	-	344	506
Demolition Projs-PHS-HB5	142	-	97	45
Handicap Access Cap Complex-HB5	230	-	230	-
Constr Litigation A & E-HB5	200	-	-	200
Improve Parking Lots Cap Complex-HB5	120	-	120	-
Hist Soc Climate Cntrl Cap-HB5	85	-	10	75
Upgrade Fire Safety Sys-HB5	150	-	13	137
Replace Roofs DCHS-HB5	140	-	80	60
Install Enviro Cntrls Aged-HB5	355	-	89	266
Maint & Improve MSDB-HB53	107	-	96	11
Install Fire Safety Sys PHS/MVS-HB5	517	-	344	173
Misc Repairs PHS/MVS-HB5	144	-	122	22
Repairs & Improves Statewide-HB5	185	-	128	57
Upgrade Boiler 3 MSU-HB5	519	-	502	17
Elec Upgrades Mt Tech-HB5	130	-	104	26
Improve Steam & Cond Lines MSU-HB5	450	-	450	-

(Continued on Next Page)

STATE OF MONTANA
Project-Length Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Capital Projects Fund Type
Beginning of Project to June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
LONG-RANGE BUILDING				
Replace/Improve Roofs Univ Sys-HB5	\$ 667	\$ -	\$ 428	\$ 239
Install Elev Lib Art Bldg UM-HB5	280	-	277	3
Install Elev Old Main WMC-HB5	243	-	240	3
Expand & Constr Job Svc Statewide-5	1,500	-	884	616
PHHS Commodities Warehouse-HB5	1,700	-	1,290	410
Purchase Butte Vo-Tech-HB5	2,000	-	-	2,000
Demolition Projs-Mt Tech-HB5	45	-	45	-
Misc Improve MSH-HB5	1,000	-	996	4
Constr BA Bldg UM-Trans Mac	-	80	80	-
Bond Payments-PHHS-SA	-	60	56	4
Arbitrage Rebate FWP '89GOB-SA	51	-	51	-
Scott Hart NRG Retro GSD-AA	23	-	-	23
MSP Prison Expansion-HB15	4,300	-	916	3,384
Underground Util Expan MSU-95-HB15	24	-	24	-
A&E Pre-Planning	200	-	192	8
Bond Payments-WMC-51/777-LA	-	10	10	-
Scagliola Repair & Restoration-HB5	275	-	-	275
Roof Replaces Statewide-HB5	350	-	-	350
C Com Health Safety Proj Statewide-HB5	166	-	-	166
Upgrade Elec Sys Cap Cmplx-HB5	34	-	-	34
Emergency Projs Statewide-HB5	302	-	-	302
Facility Improve Ctr For Aged-HB5	330	-	12	318
Facility Improve MDC-HB5	644	-	3	641
Bldg Demo & Asbestos Removal MSH-HB5	100	-	-	100
Misc Improves PHS-HB5	180	-	60	120
Campus Planning PHS-HB5	100	-	44	56
Mt Youth Alternative Prog-HB5	560	-	48	512
Repair STARC Army HVAC Sys DMA-HB5	259	-	16	243
Roof Replaces Statewide DMA-HB5	107	-	30	77
Maint & Improves Statewide DSL-HB5	236	-	-	236
Const/Purch Unit Office Plains-HB5	300	-	37	263
Repair Old Main Steam Traps WMC-HB5	55	-	-	55
Repair Brockmann Ctr NMC-HB5	75	-	6	69
Museum Elev Mt Tech-HB5	350	-	-	350
Replace Prim Elec Dis Sys EMC-HB5	300	-	44	256
Roof Replace Univ Sys-HB5	715	-	13	702
Life Safety Code Comp U Sys-HB5	500	-	42	458
ADA Access Mods Univ Sys-HB5	300	-	30	270
Reshingle Ctng Cmplx MSDB-HB5	120	-	-	120
Capitol Restoration-HB15	12,559	-	478	12,081
Job Svc Office Havre-HB15	350	-	-	350
Ctr Heating Plant PH2 MSU-HB15	3,120	-	275	2,845
Chem Bldg Renovate Mt Tech-HB15	4,536	-	113	4,423
Underground Util Expan MSU-HB15	5,976	-	2,138	3,838
Phar/Psy Bldg Addn UM-HB15	2,000	-	-	2,000
Reg Corr/Law Enforc Fac-HB585	9,000	-	521	8,479
Construct MSH-HB594	21,000	-	668	20,332
C Com Health Safety Proj Statewide-HB5	100	-	-	100
Emergency Projs Statewide-HB5	77	-	18	59
Capitol Restoration-HB5	250	-	-	250
MLEA-HB584	950	-	454	496
C Com Health Safety Proj Statewide-HB5	84	-	-	84
Bond Payments 96-PHHS-SA	-	45	-	45
Bond Costs-1996D Cap-SA	17	-	-	17
Bond Costs-1996D PH/PSY UM-SA	1	-	-	1
Bond Costs-1996D CHE Bldg Mt-SA	15	-	-	15
Bond Costs-1996D Heating Plant MSU-SA	10	-	-	10
Bond Costs-1996D Reg Jails-SA	16	-	-	16
Bond Costs-1996D MSP Expan-SA	8	-	-	8
Bond Costs-1996D Util MSU-SA	20	-	-	20
Bond Costs-Series 1989A-SA	5	-	-	5
Reroof Math Science Building	16	-	9	7
Refurbish Water Towers-Statewide	50	-	20	30
Misc Repair Projects-MSH	61	-	47	14
Construct M-1 Bays-Statewide	30	-	11	19
Construct Livingston Armory	451	-	451	-
Lake Elmo Improvements	150	-	144	6
Replace Roofs-UM	78	-	15	63
Replace Roofs-EMC	244	-	215	29

(Continued on Next Page)

STATE OF MONTANA
Project-Length Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Capital Projects Fund Type
Beginning of Project to June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
LONG-RANGE BUILDING				
MDC Supplemental Approp	\$ 290	\$ -	\$ 274	\$ 16
Hazardous Material Abatement	200	-	200	-
Water Towers & Systems-Statewide	450	-	58	392
Physical Ed Bldg Roof Replace	230	-	230	-
Planning Remodel of Sub-WMC	50	-	50	-
Total Agency	\$ 155,622	\$ 208	\$ 72,723	\$ 83,107
AGENCY PROGRAM TOTALS	\$ 155,730	\$ 1,697	\$ 74,000	\$ 83,427



ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that provide goods or services to the public on a user charge basis. A brief description of each Enterprise Fund follows:

Economic Development Bonds - This operation is directed by the nine-member Board of Investments, administered by the Department of Commerce. This fund accounts for the Industrial Development Bond (IDB) Program and the Montana Cash Anticipation Program. This program assists Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

Liquor Stores - This fund accounts for activities related to the sale and distribution of alcoholic beverages and licensing within the State. Profits and license fees are used to finance General Fund expenditures.

Hail Insurance - Any producer engaged in the growing of crops subject to damage by hail may participate in the hail insurance program. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs and benefits paid by the Department of Agriculture.

State Lottery - This fund accounts for the operations of Montana's lottery.

Montana State Prison Ranch/Industries, Swan River Vocational Training and Women's Prison Industries- These operations provide training and employment for inmates. The products produced are sold to State agencies, non-profit organizations and other customers in accordance with State policies.

Uninsured Employers - This fund accounts for fines and penalties collected from employers that do not carry workers' compensation coverage and benefits paid to their employees who are injured on the job.

Subsequent Injury - This fund accounts for the assessments collected from employers and benefits paid to workers who are certified as vocationally handicapped and are injured on the job.

Montana Career Information System - A private organization that collects and distributes labor market and educational data in software and books to various schools and agencies. The MCIS is funded through a combination of user fees and state grants.

FWP Snowgroomer Rental - This fund accounts for activities related to providing snowgroomer equipment to snowmobile clubs which are assessed fees for use of the equipment.

Secretary of State Business Services - This fund accounts for the Business and Government Services activities and the Administrative Code Program of the Secretary of State's Office.

Historical Society Publications - This fund accounts for the Historical Society's sales from "Montana, The Magazine of Western History", books, publications and merchandise from the Historical Society store.

Surplus Property - The Department of Administration accounts for intragovernmental sales of state and federal surplus property to State agencies, local governments and certain other non-profit organizations in this fund.

West Yellowstone Airport - This fund, administered by the Department of Transportation, accounts for operations of the airport at West Yellowstone. User airlines are assessed rent and landing fees.

Local Government Audits - This fund accounts for the costs incurred by the Department of Commerce for audits of local governments required under Section 2-7-501 through 522 of the Montana Code Annotated and the fees assessed the local governments for the audits.

Department of Agriculture - This fund accounts for fees collected from persons importing, possessing or controlling alfalfa leaf-cutting bees and the costs incurred in certifying that the bees are disease free, and the application fees from the operations of the Beginning Farm Loan Program.

STATE OF MONTANA
Combining Balance Sheet
Enterprise Funds
June 30, 1996
(Expressed in Thousands)

	ECONOMIC DEVELOPMENT BONDS	LIQUOR STORES	HAIL INSURANCE	STATE LOTTERY	PRISON RANCH	PRISON INDUSTRIES	UNINSURED EMPLOYERS	SUBSEQUENT INJURY
ASSETS:								
Cash/Cash Equivalents	\$ 5,039	\$ 2,141	\$ 5,132	\$ 2,482	\$ 907	\$ 231	\$ 913	\$ 525
Receivables (Net)	918	11,963	2,060	763	139	108	3,784	140
Due from Other Funds	-	86	-	-	38	101	24	3
Due from Component Units	6	-	-	-	-	122	-	-
Inventories	-	33	-	167	2,742	848	-	-
Long-Term Loans/Notes Receivable	27,521	-	-	-	-	-	-	-
Investments	9,497	-	-	-	-	-	-	4,272
Land	-	-	-	-	690	-	-	-
Buildings/Improvements	-	1,736	-	-	2,590	539	-	-
Equipment	41	516	20	451	1,615	851	18	-
Other Fixed Assets	-	-	-	242	-	-	-	-
Accumulated Depreciation	(20)	(1,145)	(11)	(358)	(2,088)	(758)	(4)	-
Intangible Assets	-	-	-	9	43	11	-	-
Deferred Charges	1,007	-	-	-	-	-	-	-
Other Assets	-	4,413	-	1,736	-	1	-	-
TOTAL ASSETS	\$ 44,009	\$ 19,743	\$ 7,201	\$ 5,492	\$ 6,676	\$ 2,054	\$ 4,735	\$ 4,940
LIABILITIES/FUND EQUITY:								
Liabilities:								
Accounts Payable	\$ 675	\$ 4,949	-	\$ 363	\$ 32	\$ 66	\$ 2	-
Lottery Prizes Payable	-	-	-	2,861	-	-	-	-
Advances from Other Funds	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	6	-	-	-	-	-
Due to Component Units	-	-	-	-	-	-	-	-
Due to Other Funds	11	7,166	14	1,779	67	57	29	1
Deferred Revenue	267	1,084	1,713	82	-	5	-	-
Lease/Installment Purchase Payable	-	-	-	-	-	-	-	-
Bonds/Notes Payable (Net)	40,593	-	-	-	-	-	-	-
Property Held in Trust	33	4,413	-	-	-	-	-	-
Compensated Absences Payable	12	65	16	168	83	69	30	2
Estimated Insurance Claims	-	-	618	-	-	-	-	1,022
Arbitrage Rebate Tax Payable	261	-	-	-	-	-	-	-
Total Liabilities	41,852	17,677	2,367	5,253	182	197	61	1,025
Fund Equity:								
Contributed Capital	23	1,916	6	239	-	255	-	-
Retained Earnings:								
Unreserved	2,134	150	4,828	-	6,494	1,602	4,674	3,915
Total Fund Equity	2,157	2,066	4,834	239	6,494	1,857	4,674	3,915
TOTAL LIABILITIES/FUND EQUITY	\$ 44,009	\$ 19,743	\$ 7,201	\$ 5,492	\$ 6,676	\$ 2,054	\$ 4,735	\$ 4,940

MT CAREER INFO SYS	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	DEPT OF AGRICULTURE	SWAN RIVER VOCATIONAL TRAINING	WOMEN'S PRISON INDUSTRIES	TOTALS
\$ 60	\$ 786	\$ 147	\$ 155	\$ 126	\$ 335	\$ 8	\$ 2	\$ 2	\$ 18,991
1	1	46	26	-	3	-	-	-	19,952
5	5	1	1	17	-	-	-	-	281
-	-	-	-	-	-	-	-	-	128
-	-	376	292	-	-	-	-	-	4,458
-	-	-	3	-	-	-	-	-	27,524
-	-	-	-	-	-	-	-	-	13,769
-	-	-	-	110	-	-	-	-	800
-	-	-	78	487	-	-	-	-	5,430
-	233	74	126	91	86	3	-	2	4,127
-	-	5	-	1,147	-	-	-	-	1,394
-	(139)	(37)	(87)	(1,315)	(35)	(1)	-	-	(5,998)
-	-	2	5	-	-	-	-	-	70
-	-	-	-	-	-	-	-	-	1,007
-	15	-	36	-	1	-	-	-	6,202
<u>\$ 66</u>	<u>\$ 901</u>	<u>\$ 614</u>	<u>\$ 635</u>	<u>\$ 663</u>	<u>\$ 390</u>	<u>\$ 10</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 98,135</u>
\$ -	\$ 6	\$ 9	\$ 31	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ 6,148
-	-	-	-	-	-	-	-	-	2,861
-	-	-	-	-	35	-	-	-	35
-	-	-	-	-	-	-	-	-	6
-	-	-	12	-	-	-	-	-	12
5	106	20	22	3	14	-	-	-	9,294
20	34	97	-	-	-	-	-	-	3,302
-	-	-	10	-	-	-	-	-	10
-	-	-	-	-	-	-	-	-	40,593
-	64	-	26	-	-	-	-	-	4,536
4	99	27	26	2	32	-	-	-	635
-	-	-	-	-	-	-	-	-	1,640
-	-	-	-	-	-	-	-	-	261
<u>29</u>	<u>309</u>	<u>153</u>	<u>127</u>	<u>20</u>	<u>81</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,333</u>
-	176	39	300	1,346	106	186	-	-	4,592
37	416	422	208	(703)	203	(176)	2	4	24,210
<u>37</u>	<u>592</u>	<u>461</u>	<u>508</u>	<u>643</u>	<u>309</u>	<u>10</u>	<u>2</u>	<u>4</u>	<u>28,802</u>
<u>\$ 66</u>	<u>\$ 901</u>	<u>\$ 614</u>	<u>\$ 635</u>	<u>\$ 663</u>	<u>\$ 390</u>	<u>\$ 10</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 98,135</u>

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Enterprise Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	ECONOMIC DEVELOPMENT BONDS	LIQUOR STORES	HAIL INSURANCE	STATE LOTTERY	PRISON RANCH	PRISON INDUSTRIES	UNINSURED EMPLOYERS	SUBSEQUENT INJURY
OPERATING REVENUES:								
Charges for Services	\$ 62	\$ 42,239	\$ -	\$ 31,763	\$ 1,895	\$ 3,166	\$ -	\$ 650
Investment Earnings	846	-	270	243	-	-	42	314
Financing Income	2,415	-	-	-	-	-	-	-
Contributions/Premiums	-	-	2,181	-	-	-	16	-
Grants/Contracts/Donations	-	-	-	-	-	-	-	-
Taxes	-	11,876	-	-	-	-	-	-
Other Operating Revenues	-	48	1	1	9	-	3,632	-
Total Operating Revenues	3,323	54,163	2,452	32,007	1,904	3,166	3,690	964
Intrafund Revenues	-	-	-	-	(5)	-	-	-
Net Operating Revenues	3,323	54,163	2,452	32,007	1,899	3,166	3,690	964
OPERATING EXPENSES:								
Personal Services	133	2,062	157	1,170	694	1,050	267	14
Contractual Services	14	217	56	5,062	59	54	30	1
Supplies/Materials	3	32,638	3	501	678	1,540	7	-
Benefits/Claims (Note 3)	-	-	2,962	-	-	-	526	334
Depreciation	4	77	1	90	172	135	3	-
Amortization	-	-	-	-	3	3	-	-
Utilities/Rent	19	236	4	92	70	48	22	1
Communications	5	57	7	1,076	2	12	19	-
Travel	9	7	26	29	6	12	18	-
Repair/Maintenance	-	46	1	60	137	132	2	-
Local Assistance	-	1,575	-	-	-	-	-	-
Lottery Prize Payments	-	-	-	15,913	-	-	-	-
Interest Expense	2,738	8	-	-	-	-	-	-
Arbitrage Rebate Tax	122	-	-	-	-	-	-	-
Other Operating Expenses	12	35	3	223	117	30	1,626	1
Total Operating Expenses	3,059	36,958	3,220	24,216	1,938	3,016	2,520	351
Intrafund Expenses	-	-	-	-	(5)	-	-	-
Net Operating Expenses	3,059	36,958	3,220	24,216	1,933	3,016	2,520	351
Operating Income (Loss)	264	17,205	(768)	7,791	(34)	150	1,170	613
NONOPERATING REVENUES (EXPENSES):								
Gain (Loss) Sale of Fixed Assets	-	(49)	-	(35)	-	-	-	-
Increase (Decrease) Value of Livestock	-	-	-	-	(388)	-	-	-
Total Nonoperating Revenues (Expenses)	-	(49)	-	(35)	(388)	-	-	-
Income (Loss) Before Operating Transfers	264	17,156	(768)	7,756	(422)	150	1,170	613
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	(18,167)	(28)	(7,803)	-	-	-	-
Net Income (Loss)	264	(1,011)	(796)	(47)	(422)	150	1,170	613
RETAINED EARNINGS - JULY 1 -								
As Previously Reported	1,867	1,239	5,623	-	6,916	1,452	3,502	3,302
Prior Period Adjustments	3	(78)	1	47	-	-	2	-
RETAINED EARNINGS - JULY 1- As Restated	1,870	1,161	5,624	47	6,916	1,452	3,504	3,302
Residual Equity Transfers	-	-	-	-	-	-	-	-
RETAINED EARNINGS - JUNE 30	\$ 2,134	\$ 150	\$ 4,828	\$ -	\$ 6,494	\$ 1,602	\$ 4,674	\$ 3,915

MT CAREER INFO SYS	FWP SNOW- GROOMER RENTAL	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	DEPT OF AGRICULTURE	SWAN RIVER VOCATIONAL TRAINING	WOMEN'S PRISON INDUSTRIES	TOTALS
\$ 134	\$ -	\$ 1,743	\$ 578	\$ 837	\$ 9	\$ 254	\$ 4	\$ -	\$ -	83,334
-	-	-	-	-	-	-	-	-	-	1,715
-	-	-	-	-	-	-	-	-	-	2,415
-	-	-	-	-	-	-	-	-	-	2,197
7	-	-	-	-	-	-	-	-	-	7
-	-	-	-	-	-	-	-	-	-	11,876
-	-	46	3	-	78	-	-	-	-	3,818
141	-	1,789	581	837	87	254	4	-	-	105,362
-	-	-	-	-	-	-	-	-	-	(5)
141	-	1,789	581	837	87	254	4	-	-	105,357
64	-	937	306	280	27	99	2	-	-	7,262
43	-	361	49	11	32	29	1	-	-	6,019
1	-	40	219	292	7	7	-	-	-	35,936
-	-	-	-	-	-	-	-	-	-	3,822
-	-	135	11	20	36	10	-	-	-	694
-	-	-	1	2	-	-	-	-	-	9
3	-	55	20	15	10	5	-	-	-	600
1	-	90	25	14	2	6	-	-	-	1,316
-	-	10	7	34	1	1	1	-	-	161
1	-	9	2	10	17	2	-	-	-	419
-	-	-	-	-	-	-	-	-	-	1,575
-	-	-	-	-	-	-	-	-	-	15,913
-	-	-	-	2	-	-	-	-	-	2,748
-	-	-	-	-	-	-	-	-	-	122
8	-	9	11	3	-	28	-	-	-	2,106
121	-	1,646	651	683	132	187	4	-	-	78,702
-	-	-	-	-	-	-	-	-	-	(5)
121	-	1,646	651	683	132	187	4	-	-	78,697
20	-	143	(70)	154	(45)	67	-	-	-	26,660
-	-	-	-	(4)	-	(3)	-	-	-	(91)
-	-	-	-	-	-	-	-	-	-	(388)
-	-	-	-	(4)	-	(3)	-	-	-	(479)
20	-	143	(70)	150	(45)	64	-	-	-	26,181
-	-	-	53	-	17	-	-	-	-	70
-	-	-	-	-	-	-	-	-	-	(25,998)
20	-	143	(17)	150	(28)	64	-	-	-	253
17	14	338	439	-	245	136	(176)	2	4	24,920
-	(12)	(65)	-	58	(920)	3	-	-	-	(961)
17	2	273	439	58	(675)	139	(176)	2	4	23,959
-	(2)	-	-	-	-	-	-	-	-	(2)
\$ 37	\$ -	\$ 416	\$ 422	\$ 208	\$ (703)	\$ 203	\$ (176)	\$ 2	\$ 4	24,210

STATE OF MONTANA
Combining Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	ECONOMIC DEVELOPMENT BONDS	LIQUOR STORES	HAIL INSURANCE	STATE LOTTERY	PRISON RANCH	PRISON INDUSTRIES	UNINSURED EMPLOYERS	SUBSEQUENT INJURY
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Sales and Services	\$ 2,349	\$ 30,251	\$ 2,514	\$ 31,254	\$ 1,889	\$ 3,129	\$ -	555
Collections of Principal and Interest on Loans	9,178	-	-	-	-	-	-	-
Cash Payments for Loans	(7,444)	-	-	-	-	-	-	-
Payments to Suppliers for Goods and Services	(59)	(26,095)	(96)	(6,629)	(1,016)	(1,861)	(1,739)	(4)
Payments to Employees	(134)	(2,533)	(158)	(1,157)	(684)	(1,009)	(266)	(26)
Cash Payments for Claims	-	-	(2,987)	-	-	-	(541)	(351)
Cash Payments for Local Assistance	-	(1,464)	-	-	-	-	-	-
Cash Payments for Prizes	-	-	-	(15,273)	-	-	-	-
Other Operating Revenues	-	48	1	-	-	-	2,736	-
Net Cash Provided by (Used for) Operating Activities	3,890	207	(726)	8,195	189	259	190	174
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Payment of Principal and Interest on Bonds and Notes	(9,677)	-	-	-	-	-	-	-
Proceeds from Issuance of Bonds and Notes	8,378	-	-	-	-	-	-	-
Payment of Bond Issuance Costs	(121)	-	-	-	-	-	-	-
Collection of Taxes	-	11,876	-	-	-	-	-	-
Transfers to Other Funds	-	(12,712)	(30)	(8,534)	-	-	-	-
Transfers from Other Funds	-	-	-	-	-	-	-	-
Proceeds from Interfund Loans	-	-	-	-	75	125	-	-
Payment of Interfund Loans	-	-	-	-	-	(200)	-	-
Residual Equity Transfers to Other Funds	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,420)	(836)	(30)	(8,534)	75	(75)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Acquisition of Fixed Assets	(8)	(91)	-	(91)	(922)	(108)	(6)	-
Proceeds from Sale of Fixed Assets	-	44	-	11	-	1	-	-
Principal and Interest Payments on Bonds and Notes	-	(8)	-	-	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	(8)	(55)	-	(80)	(922)	(107)	(6)	-
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchase of Investments	(7,356)	-	-	-	-	-	-	(2,731)
Proceeds from Sales or Maturities of Investments	7,810	-	-	-	-	-	-	1,357
Interest and Dividends on Investments	648	-	297	253	-	-	45	328
Arbitrage Rebate Tax	(231)	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	871	-	297	253	-	-	45	(1,046)
Net Increase (Decrease) in Cash and Cash Equivalents	3,333	(684)	(459)	(166)	(658)	77	229	(872)
Cash and Cash Equivalents, July 1	1,706	2,825	5,591	2,648	1,565	154	684	1,397
Cash and Cash Equivalents, June 30	\$ 5,039	\$ 2,141	\$ 5,132	\$ 2,482	\$ 907	\$ 231	\$ 913	\$ 525

MT CAREER INFO SYS	FWP SNOWGROOMER RENTAL	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	DEPT OF AGRICULTURE	SWAN RIVER VOCATIONAL TRAINING	WOMEN'S PRISON INDUSTRIES	TOTALS
\$ 149	\$ -	\$ 1,796	\$ 552	\$ 805	\$ 71	\$ 320	\$ 3	\$ -	\$ -	75,637
-	-	-	-	-	-	-	-	-	-	9,178
-	-	-	-	-	-	-	-	-	-	(7,444)
(58)	-	(566)	(380)	(380)	(53)	(98)	(2)	-	-	(39,036)
(67)	-	(916)	(306)	(240)	(27)	(177)	(1)	-	-	(7,701)
-	-	-	-	-	-	-	-	-	-	(3,879)
-	-	-	-	-	-	-	-	-	-	(1,464)
-	-	-	-	-	-	-	-	-	-	(15,273)
-	-	-	-	-	-	-	-	-	-	2,785
24	-	314	(134)	185	(9)	45	-	-	-	12,803
-	-	-	-	-	-	-	-	-	-	(9,677)
-	-	-	-	-	-	-	-	-	-	8,378
-	-	-	-	-	-	-	-	-	-	(121)
-	-	-	-	-	-	-	-	-	-	11,876
-	-	-	-	-	-	-	-	-	-	(21,276)
-	-	-	53	-	16	-	-	-	-	69
-	-	-	-	-	-	-	-	-	-	200
-	-	-	-	-	-	(35)	-	-	-	(235)
-	(2)	-	-	-	-	-	-	-	-	(2)
-	(2)	-	53	-	16	(35)	-	-	-	(10,788)
-	(102)	(87)	(20)	(9)	-	(6)	(2)	-	-	(1,452)
-	102	-	-	-	-	-	-	-	-	158
-	-	-	-	(21)	-	-	-	-	-	(29)
-	-	(87)	(20)	(30)	-	(6)	(2)	-	-	(1,323)
-	-	-	-	-	-	-	-	-	-	(10,087)
-	-	-	-	-	-	-	-	-	-	9,167
-	-	-	-	-	-	-	-	-	-	1,571
-	-	-	-	-	-	-	-	-	-	(231)
-	-	-	-	-	-	-	-	-	-	420
24	(2)	227	(101)	155	7	4	(2)	-	-	1,112
36	2	559	248	-	119	331	10	2	2	17,879
\$ 60	\$ -	\$ 786	\$ 147	\$ 155	\$ 126	\$ 335	\$ 8	\$ 2	\$ 2	18,991

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Cash Flows - Continued
Enterprise Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	ECONOMIC DEVELOPMENT BONDS	LIQUOR STORES	HAIL INSURANCE	STATE LOTTERY	PRISON RANCH	PRISON INDUSTRIES	UNINSURED EMPLOYERS	SUBSEQUENT INJURY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:								
Operating Income (Loss)	\$ 264	\$ 17,205	\$ (768)	\$ 7,791	\$ (34)	\$ 150	\$ 1,170	613
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:								
Depreciation	4	77	1	90	172	135	3	-
Amortization	-	-	-	-	3	3	-	-
Taxes	-	(11,876)	-	-	-	-	-	-
Interest Expense	2,738	8	-	-	-	-	-	-
Interest on Investments	(846)	-	(270)	(243)	-	-	(42)	(314)
Arbitrage Rebate Tax	122	-	-	-	-	-	-	-
Change in Assets and Liabilities:								
Decr (Incr) in Accounts Receivable	146	(11,884)	(479)	(325)	(10)	111	(909)	(96)
Decr (Incr) in Due From Other Funds	(6)	1	(28)	2	43	(14)	(17)	-
Decr (Incr) in Due From Component Units	-	-	-	-	-	(117)	-	(3)
Decr (Incr) in Inventories	-	4,906	-	227	(20)	48	-	-
Decr (Incr) in Intangible Assets	-	-	-	7	-	-	-	-
Decr (Incr) in Long-Term Loans/Notes Rec	1,590	-	-	-	-	-	-	-
Decr (Incr) in Other Assets	-	(2,438)	-	(238)	-	-	-	-
Incr (Decr) in Accounts Payable	2	2,235	-	138	9	(26)	(15)	(1)
Incr (Decr) in Lottery Prizes Payable	-	-	-	766	-	-	-	-
Incr (Decr) in Due to Other Funds	1	(34)	(3)	40	20	(43)	8	(8)
Incr (Decr) in Due to Component Units	-	-	-	-	-	-	-	-
Incr (Decr) in Due to Other Governments	-	-	5	-	-	-	-	-
Incr (Decr) in Deferred Revenue	(91)	(104)	839	(62)	-	(18)	-	-
Incr (Decr) in Bonds/Notes Payable	-	(49)	-	-	-	-	-	-
Incr (Decr) in Property Held in Trust	(34)	2,441	-	-	-	-	-	-
Incr (Decr) in Compensated Absences Pay	-	(281)	1	2	6	30	(8)	-
Incr (Decr) in Estimated Claims	-	-	(24)	-	-	-	-	(17)
Net Cash Provided by (Used for)								
Operating Activities	\$ 3,890	\$ 207	\$ (726)	\$ 8,195	\$ 189	\$ 259	\$ 190	174
SCHEDULE OF NONCASH TRANSACTIONS:								
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Asset Acquisitions from Contributed								
Capital Transfers from Other Funds	-	-	-	-	-	-	-	-
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

MT CAREER INFO SYS	FWP SNOWGROOMER RENTAL	SECRETARY OF STATE BUSINESS SERVICES	HISTORICAL SOCIETY PUBLICATIONS	SURPLUS PROPERTY	WEST YELLOWSTONE AIRPORT	LOCAL GOVERNMENT AUDITS	DEPT OF AGRICULTURE	SWAN RIVER VOCATIONAL TRAINING	WOMEN'S PRISON INDUSTRIES	TOTALS
\$ 20	\$ -	\$ 143	(70)	154	(45)	67	\$ -	\$ -	\$ -	26,660
-	-	135	11	20	36	10	-	-	-	694
-	-	-	1	2	-	-	-	-	-	9
-	-	-	-	-	-	-	-	-	-	(11,876)
-	-	-	-	2	-	-	-	-	-	2,748
-	-	-	-	-	-	-	-	-	-	(1,715)
-	-	-	-	-	-	-	-	-	-	122
(1)	-	-	(18)	(72)	-	65	-	-	-	(13,472)
-	-	(5)	2	(1)	(16)	1	-	-	-	(38)
-	-	-	-	-	-	-	-	-	-	(120)
-	-	-	(54)	-	-	-	-	-	-	5,107
-	-	-	-	-	-	-	-	-	-	7
-	-	-	-	-	-	-	-	-	-	1,590
-	-	(3)	-	(37)	-	1	-	-	-	(2,715)
-	-	(9)	6	31	16	(7)	-	-	-	2,379
-	-	-	-	-	-	-	-	-	-	766
-	-	22	(2)	22	-	(41)	-	-	-	(18)
-	-	-	-	12	-	-	-	-	-	12
-	-	-	-	-	-	-	-	-	-	5
5	-	-	(10)	-	-	-	-	-	-	559
-	-	-	-	-	-	-	-	-	-	(49)
-	-	3	-	26	-	-	-	-	-	2,436
-	-	28	-	26	-	(51)	-	-	-	(247)
-	-	-	-	-	-	-	-	-	-	(41)
<u>\$ 24</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>(134)</u>	<u>185</u>	<u>(9)</u>	<u>45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,803</u>
\$ -	\$ 56	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	56
-	-	148	-	8	1,147	-	-	-	-	1,303
<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 148</u>	<u>-</u>	<u>8</u>	<u>1,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,359</u>

STATE OF MONTANA
Schedule of Expenditures and Transfers Out
Budget and Actual (Budget Basis) - Enterprise Fund Type
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
SECRETARY OF STATES OFFICE				
Business & Government Services	\$ 1,579	\$ -	\$ 1,534	\$ 45
Total Agency	\$ 1,579	\$ -	\$ 1,534	\$ 45
HISTORICAL SOCIETY				
Library Program	62	-	60	2
Museum Program	17	-	13	4
Publications	686	-	634	52
Total Agency	\$ 765	\$ -	\$ 707	\$ 58
DEPT OF FISH, WILDLIFE & PARKS				
Parks Division	532	-	-	532
Total Agency	\$ 532	\$ -	\$ -	\$ 532
DEPARTMENT OF TRANSPORTATION				
Aeronautics Program	97	-	96	1
Total Agency	\$ 97	\$ -	\$ 96	\$ 1
DEPARTMENT OF REVENUE				
Director's Office	120	-	120	-
Operations Division	256	-	256	-
Liquor Division	34,175	-	31,960	2,215
Liquor Division	-	18,426	18,167	259
Total Agency	\$ 34,551	\$ 18,426	\$ 50,503	\$ 2,474
DEPARTMENT OF ADMINISTRATION				
Procurement & Printing Div	693	-	664	29
Total Agency	\$ 693	\$ -	\$ 664	\$ 29
LONG-RANGE BUILDING				
Institutions	793	-	793	-
Total Agency	\$ 793	\$ -	\$ 793	\$ -
DEPARTMENT OF AGRICULTURE				
Central Management Division	26	-	26	-
Agricultural Sciences Div	6	-	5	1
Agricultural Development	3,664	-	3,571	93
Agricultural Development	-	40	28	12
Total Agency	\$ 3,696	\$ 40	\$ 3,630	\$ 106
DEPT OF CORRECTIONS				
Admin and Support Services	59	-	59	-
Mont Correctional Enterprises	6,223	-	4,737	1,486
Total Agency	\$ 6,282	\$ -	\$ 4,796	\$ 1,486
DEPARTMENT OF COMMERCE				
Local Gov't Services Bureau	286	-	205	81
Board of Investments	3,255	-	3,173	82
Montana State Lottery	28,884	-	23,992	4,892
Director/Management Services	46	-	46	-
Total Agency	\$ 32,471	\$ -	\$ 27,416	\$ 5,055

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Enterprise Fund Type
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
LABOR & INDUSTRY				
Job Service Division	\$ 161	\$ -	\$ 121	40
Commissioner's Office/CSD	70	-	54	16
Employment Relations Division	1,262	-	1,188	74
Total Agency	\$ 1,493	\$ -	\$ 1,363	130
AGENCY PROGRAM TOTALS	<u>\$ 82,952</u>	<u>\$ 18,466</u>	<u>\$ 91,502</u>	<u>9,916</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. A brief description of each Internal Service Fund follows:

Office Supplies & Equipment - Four internal service funds under the Departments of Fish, Wildlife and Parks (FWP Equipment, FWP Warehouse Inventory & FWP Office Supply) and Transportation (Highway Equipment) are used to account for inter- and intradepartmental sales and use of office supplies and equipment.

Employees Group Benefits - This fund receives employee (excluding higher education units) withholdings and State contributions to the medical self-insurance plan. The State contracted with Blue Cross and Blue Shield of Montana to oversee the administrative functions of the program.

Information Services Division (ISD) - State agencies and private users are assessed a fee for their use of the State's phone system, centralized data processing and systems design services provided by the Department of Administration.

MUS Group Insurance - This fund accounts for employee contributions to the Montana University System's (MUS) medical/dental self-insurance plan.

Admin. Insurance - The Department of Administration accounts for the State's property self-insurance program (including liability, property, flood, etc.) in this fund.

Motor Pool - State employees' transportation is provided by the Department of Transportation through a pool of vehicles. The cost of operating the Motor Pool are recovered through rental rates charged to user agencies based on the average operating costs per mile for each class of vehicle.

Admin. Supply - The Department of Administration accounts for the intragovernmental sales of office supplies and paper products to State agencies in this fund.

Publications & Graphics - Agencies are assessed a fee for duplicating, typesetting, forms design and graphic arts services.

Buildings & Grounds - Rent proceeds from State agencies are used to pay maintenance, security and landscaping costs for State-owned property.

Central Services - Funds are used by the Departments of Commerce, Labor and Industry and Office of Public Instruction for administrative services provided on a cost recovery basis to programs within the departments.

DEQ Indirect Cost Pool - This fund is used to account for funds collected as indirect costs from the operating units of the Department of Environmental Quality and used to fund the Department's indirect cost pool operations that provide services to the Department.

PHHS Indirect Cost Pool - This fund is used to account for funds collected as indirect costs from the operating units of the Department of Public Health and Human Services and used to fund the Department's indirect cost pool operations that provide services to the Department.

Mail & Messenger - This fund accounts for costs associated with intrastate government mail and package delivery.

Payroll Processing - This fund accounts for the payments received from State agencies for the costs associated with the processing of payroll warrants.

Warrant Processing - This fund accounts for the payments received from State agencies for the costs associated with the processing of all warrants other than payroll.

Investment Division - This fund accounts for costs associated with operations of the Board of Investments. The Board assists agencies in the investment of State funds. Costs of administering and accounting for each investment fund are allocated based on the dollar volume of investments held by user agencies.

Aircraft Operations - The Department of State Lands accounts for fees charged to users of State aircraft in this fund.

Legal Services - The Attorney General's Office and the Department of Justice charge other State agencies a fee for legal assistance. The Departments of Administration and Health & Environmental Quality fund legal services with intradepartmental fees.

Personnel Training - This fund accounts for fees charged State agencies for training State employees. The fees are used by the Department of Administration to pay instructors and purchase training materials.

Records Management - State agencies are assessed a fee for records storage and microfilm services provided by the Office of the Secretary of State.

Debt Collections - This fund accounts for fees charged for the collection of bad debts that have been transferred to the Department of Administration.

Local Government Admin. - This fund accounts for the costs incurred by the Administrator of the Local Government Assistance Division in the Department of Commerce and the allocation of these costs to other programs within the division.

Statewide Fueling Network - This fund accounts for the costs associated with the development of a statewide fueling network which will allow State agencies and local governments to utilize a single fueling network and management information system for all fueling transactions.

Natural Gas Procurement - State agencies are charged for the centralized payment of natural gas procurement and associated administrative costs as provided by the Department of Administration.

Admin. DP Unit - This fund accounts for data processing support costs incurred by General Fund and non-General Fund divisions within the Department of Administration.

STATE OF MONTANA
Combining Balance Sheet
Internal Service Funds
June 30, 1996
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	EMPLOYEES GROUP BENEFITS	ISD	MUS GROUP INSURANCE	ADMIN. INSURANCE	FWP EQUIPMENT	MOTOR POOL	ADMIN. SUPPLY
ASSETS:								
Cash/Cash Equivalents	\$ 2,662	\$ 3,905	\$ 3,108	\$ 7,019	\$ 1,384	\$ 316	\$ 65	\$ 532
Receivables (Net)	101	369	33	15	137	4	-	156
Due from Other Governments	6	-	-	-	-	7	-	-
Due from Component Units	4	-	303	441	-	-	1	35
Due from Other Funds	286	3	1,376	18	-	365	151	184
Inventories	-	-	-	-	-	-	-	670
Long-Term Loans/Notes Receivable	-	-	1,272	-	-	-	-	-
Investments	-	28,472	-	-	5,709	-	-	-
Land	-	-	-	-	-	-	236	-
Buildings/Improvements	-	-	-	-	-	5	-	4
Equipment	77,459	40	34,399	33	63	7,383	3,888	215
Other Fixed Assets	-	-	-	-	-	-	-	-
Construction in Progress	246	-	-	-	-	-	-	-
Accumulated Depreciation	(38,056)	(14)	(25,931)	(27)	(25)	(3,187)	(1,706)	(123)
Intangible Assets	-	-	-	-	2	-	-	3
Other Assets	-	-	117	-	6	-	-	14
TOTAL ASSETS	\$ 42,708	\$ 32,775	\$ 14,677	\$ 7,499	\$ 7,276	\$ 4,893	\$ 2,635	\$ 1,690
LIABILITIES/FUND EQUITY:								
Liabilities:								
Accounts Payable	\$ 501	\$ 942	\$ 863	\$ 6	\$ 195	\$ 36	\$ 28	\$ 80
Interfund Loans Payable	-	-	-	-	-	-	-	-
Due to Component Units	-	-	18	-	-	-	-	1
Due to Other Funds	259	29	461	6	58	6	127	26
Deferred Revenue	-	-	-	144	-	-	-	-
Lease/Installment Purchase Payable	-	-	2,200	-	-	-	-	10
Property Held in Trust	-	86	17	-	-	-	-	-
Compensated Absences Payable	484	34	731	19	43	2	9	33
Estimated Insurance Claims	-	6,959	-	3,100	14,980	-	-	-
Total Liabilities	1,244	8,050	4,290	3,275	15,276	44	164	150
Fund Equity:								
Contributed Capital	1,957	-	1,753	-	3	394	1,303	-
Retained Earnings:								
Unreserved	39,507	24,725	8,634	4,224	(8,003)	4,455	1,168	1,540
Total Fund Equity	41,464	24,725	10,387	4,224	(8,000)	4,849	2,471	1,540
TOTAL LIABILITIES/FUND EQUITY	\$ 42,708	\$ 32,775	\$ 14,677	\$ 7,499	\$ 7,276	\$ 4,893	\$ 2,635	\$ 1,690

	PUBLICATIONS & GRAPHICS	BUILDINGS & GROUNDS	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	DEQ INDIRECT COST POOL	PHHS INDIRECT COST POOL	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER	PAYROLL PROCESSING
\$	869	\$ 1,154	\$ 447	\$ 470	\$ 556	\$ 83	\$ 63	\$ 143	\$ 123
	-	-	-	-	-	-	-	2	-
	-	-	-	-	-	-	-	-	-
	44	1	-	6	-	-	-	-	-
	224	131	40	113	296	401	9	123	-
	119	-	-	-	-	-	171	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	102	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	1,207	253	452	321	252	-	-	393	9
	-	-	-	3	-	-	-	-	-
	-	107	-	-	-	-	-	-	-
	(693)	(157)	(287)	(126)	(103)	-	-	(144)	(2)
	-	-	8	-	-	-	-	14	-
	-	11	-	9	-	-	-	114	-
\$	1,770	\$ 1,602	\$ 660	\$ 796	\$ 1,001	\$ 484	\$ 243	\$ 645	\$ 130
\$	357	\$ 170	\$ 8	\$ 9	\$ 36	\$ -	\$ 9	\$ 17	\$ -
	-	-	-	-	-	-	-	100	-
	-	-	-	-	-	-	-	-	-
	85	46	42	106	204	1	-	44	46
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	125	-
	-	-	-	46	-	-	-	-	-
	69	82	180	226	224	-	-	38	23
	-	-	-	-	-	-	-	-	-
	511	298	230	387	464	1	9	324	69
	-	110	24	23	242	277	85	-	107
	1,259	1,194	406	386	295	206	149	321	(46)
	1,259	1,304	430	409	537	483	234	321	61
\$	1,770	\$ 1,602	\$ 660	\$ 796	\$ 1,001	\$ 484	\$ 243	\$ 645	\$ 130

(Continued on Next Page)

STATE OF MONTANA
Combining Balance Sheet - Continued
Internal Service Funds
June 30, 1997
(Expressed in Thousands)

	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION	JUSTICE LEGAL	OPI CENTRAL SERVICES	PERSONNEL TRAINING	RECORDS MANAGEMENT	FWP OFFICE SUPPLY
ASSETS:								
Cash/Cash Equivalents	\$ 90	\$ 288	\$ 241	\$ 53	\$ 70	\$ 29	\$ 122	\$ 31
Receivables (Net)	-	-	-	-	-	-	6	-
Due from Other Governments	-	-	-	-	-	-	-	-
Due from Component Units	18	10	-	-	-	-	2	-
Due from Other Funds	53	35	40	66	60	11	37	-
Inventories	-	-	-	-	-	-	-	6
Long-Term Loans/Notes Receivable	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
Buildings/Improvements	-	-	-	-	-	-	-	-
Equipment	36	202	31	15	83	32	289	74
Other Fixed Assets	-	-	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-	-	-
Accumulated Depreciation	(12)	(86)	(4)	(4)	(48)	(22)	(164)	(67)
Intangible Assets	-	2	-	1	-	-	-	-
Other Assets	-	4	1	-	-	1	1	-
TOTAL ASSETS	\$ 185	\$ 455	\$ 309	\$ 131	\$ 165	\$ 51	\$ 293	\$ 44
LIABILITIES/FUND EQUITY:								
Liabilities:								
Accounts Payable	\$ 2	\$ 10	\$ 13	\$ 5	\$ 2	\$ 1	\$ 1	-
Interfund Loans Payable	-	-	-	-	-	-	-	-
Due to Component Units	-	1	-	-	-	-	-	-
Due to Other Funds	53	85	20	121	43	10	9	1
Deferred Revenue	-	-	-	-	-	-	19	-
Lease/Installment Purchase Payable	-	-	-	-	-	-	-	-
Property Held in Trust	-	-	-	-	-	-	-	-
Compensated Absences Payable	16	163	31	91	45	14	32	1
Estimated Insurance Claims	-	-	-	-	-	-	-	-
Total Liabilities	71	259	64	217	90	25	61	2
Fund Equity:								
Contributed Capital	35	11	-	-	-	1	220	25
Retained Earnings:								
Unreserved	79	185	245	(86)	75	25	12	17
Total Fund Equity	114	196	245	(86)	75	26	232	42
TOTAL LIABILITIES/FUND EQUITY	\$ 185	\$ 455	\$ 309	\$ 131	\$ 165	\$ 51	\$ 293	\$ 44

	DEBT COLLECTIONS	ADMIN. LEGAL	LOCAL GOVERNMENT ADMIN.	STATEWIDE FUELING NETWORK	NATURAL GAS PROCUREMENT	ADMIN. DP UNIT	TOTALS
\$	20	\$ 10	\$ -	\$ 18	\$ 3	\$ 11	\$ 23,885
	-	-	-	-	-	-	823
	-	-	-	-	-	-	13
	-	-	-	-	-	-	865
	36	-	8	-	-	1	4,067
	-	-	-	-	-	-	966
	-	-	-	-	-	-	1,272
	-	-	-	-	-	-	34,181
	-	-	-	-	-	-	338
	-	-	-	-	-	-	9
	6	3	-	6	1	2	127,147
	-	-	-	-	-	-	3
	-	-	-	-	-	-	353
	(2)	(1)	-	(2)	(1)	-	(70,994)
	-	-	-	-	-	-	30
	-	-	-	-	-	-	278
<hr/>							
\$	60	\$ 12	\$ 8	\$ 22	\$ 3	\$ 14	\$ 123,236
<hr/>							
\$	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,292
	-	-	-	-	-	-	100
	-	-	-	-	-	-	20
	15	6	7	-	1	3	1,920
	-	-	-	-	-	-	163
	-	-	-	-	-	-	2,335
	-	-	-	-	-	-	149
	12	10	32	-	-	6	2,650
	-	-	-	-	-	-	25,039
<hr/>							
	28	16	39	-	1	9	35,668
<hr/>							
	5	-	-	3	-	-	6,578
	27	(4)	(31)	19	2	5	80,990
<hr/>							
	32	(4)	(31)	22	2	5	87,568
<hr/>							
\$	60	\$ 12	\$ 8	\$ 22	\$ 3	\$ 14	\$ 123,236
<hr/>							

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Internal Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	EMPLOYEES GROUP BENEFITS	ISD	MUS GROUP INSURANCE	ADMIN. INSURANCE	FWP EQUIPMENT	MOTOR POOL
OPERATING REVENUES:							
Charges for Services	\$ 13,447	\$ 19	\$ 22,545	\$ -	\$ 1	\$ 1,445	\$ 807
Investment Earnings	-	2,223	-	400	502	-	-
Premiums	-	41,259	-	20,279	5,953	-	-
Grants/Contracts/Donations	-	-	-	-	-	-	-
Other Operating Revenues	311	78	13	-	18	-	-
Total Operating Revenues	13,758	43,579	22,558	20,679	6,474	1,445	807
Intrafund Revenues	-	(34)	(16)	(2)	-	(1)	-
Net Operating Revenues	13,758	43,545	22,542	20,677	6,474	1,444	807
OPERATING EXPENSES:							
Personal Services	4,123	306	5,024	120	422	46	170
Contractual Services	819	987	571	1,420	2,353	121	95
Supplies/Materials	2,695	3	861	10	15	374	220
Benefits/Claims (Note 3)	-	41,250	-	19,604	(1,497)	-	-
Depreciation	4,334	2	2,997	2	6	483	311
Amortization	-	-	14	-	1	-	-
Utilities/Rent	55	12	2,583	1	17	13	11
Communications	9	27	6,337	4	13	4	2
Travel	26	3	104	8	18	2	-
Repair/Maintenance	2,145	1	873	-	2	296	35
Interest Expense	-	-	69	-	-	-	-
Other Operating Expenses	126	53	305	493	31	-	3
Total Operating Expenses	14,332	42,644	19,738	21,662	1,381	1,339	847
Intrafund Expenses	-	(34)	(16)	(2)	-	(1)	-
Net Operating Expenses	14,332	42,610	19,722	21,660	1,381	1,338	847
Operating Income (Loss)	(574)	935	2,820	(983)	5,093	106	(40)
NONOPERATING REVENUES (EXPENSES):							
Gain (Loss) Sale of Fixed Assets	264	-	(963)	-	(2)	106	34
Federal Indirect Cost Recoveries	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	264	-	(963)	-	(2)	106	34
Income (Loss) before Operating Transfers	(310)	935	1,857	(983)	5,091	212	(6)
Operating Transfers In	-	-	97	-	88	208	-
Net Income (Loss)	(310)	935	1,954	(983)	5,179	420	(6)
RETAINED EARNINGS - July 1 -							
As Previously Reported	39,849	23,790	6,693	5,207	(13,182)	4,035	1,174
Prior Period Adjustments	(32)	-	(13)	-	-	-	-
RETAINED EARNINGS - JULY 1 - As Restated	39,817	23,790	6,680	5,207	(13,182)	4,035	1,174
Residual Equity Transfers	-	-	-	-	-	-	-
RETAINED EARNINGS - JUNE 30	\$ 39,507	\$ 24,725	\$ 8,634	\$ 4,224	\$ (8,003)	\$ 4,455	\$ 1,168

	ADMIN. SUPPLY	PUBLICATIONS & GRAPHICS	BUILDINGS & GROUNDS	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	DEQ INDIRECT COST POOL	PHHS INDIRECT COST POOL	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER
\$	4,097	\$ 6,393	\$ 4,418	\$ 576	\$ 1,921	\$ 1,024	\$ -	\$ 148	\$ 3,603
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	25	-	-	-	-
	-	-	4	38	-	-	-	-	-
	4,097	6,393	4,422	614	1,946	1,024	-	148	3,603
	(1)	-	-	(15)	-	-	-	-	(27)
	4,096	6,393	4,422	599	1,946	1,024	-	148	3,576
	263	754	777	1,250	1,630	1,398	39	3	308
	31	39	1,455	105	190	207	-	3	11
	3,609	5,272	71	58	53	81	-	110	10
	-	-	-	-	-	-	-	-	-
	23	103	17	84	45	20	-	-	48
	3	-	-	1	-	-	-	-	8
	63	68	1,238	24	84	57	-	1	32
	16	30	12	37	29	34	-	1	2,988
	1	2	15	15	17	10	-	-	9
	15	172	199	16	27	5	236	-	51
	2	-	-	-	-	-	-	-	9
	4	13	64	28	94	21	49	-	4
	4,030	6,453	3,848	1,618	2,169	1,833	324	118	3,478
	(1)	-	-	(15)	-	-	-	-	(27)
	4,029	6,453	3,848	1,603	2,169	1,833	324	118	3,451
	67	(60)	574	(1,004)	(223)	(809)	(324)	30	125
	(3)	(5)	(3)	(1)	-	-	-	-	(1)
	-	-	-	950	73	837	-	-	-
	(3)	(5)	(3)	949	73	837	-	-	(1)
	64	(65)	571	(55)	(150)	28	(324)	30	124
	-	-	53	-	-	-	530	-	-
	64	(65)	624	(55)	(150)	28	206	30	124
	1,534	1,324	570	442	534	562	-	119	197
	(58)	-	-	19	2	(18)	-	-	-
	1,476	1,324	570	461	536	544	-	119	197
	-	-	-	-	-	(277)	-	-	-
\$	1,540	\$ 1,259	\$ 1,194	\$ 406	\$ 386	\$ 295	\$ 206	\$ 149	\$ 321

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Retained Earnings - Continued
Internal Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION	JUSTICE LEGAL	OPI CENTRAL SERVICES	PERSONNEL TRAINING
OPERATING REVENUES:							
Charges for Services	\$ 556	\$ 946	\$ 1,545	\$ 178	\$ 608	\$ 75	188
Investment Earnings	-	-	-	-	-	-	-
Premiums	-	-	-	-	-	-	-
Grants/Contracts/Donations	-	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-	-
Total Operating Revenues	556	946	1,545	178	608	75	188
Intrafund Revenues	-	-	-	-	-	(5)	-
Net Operating Revenues	556	946	1,545	178	608	70	188
OPERATING EXPENSES:							
Personal Services	191	180	1,167	228	543	557	124
Contractual Services	388	207	130	39	58	143	29
Supplies/Materials	2	4	33	47	13	27	10
Benefits/Claims (Note 3)	-	-	-	-	-	-	-
Depreciation	2	12	18	4	12	10	2
Amortization	-	-	2	-	-	-	-
Utilities/Rent	7	6	75	51	16	171	7
Communications	7	416	29	5	10	44	9
Travel	-	-	33	9	8	6	12
Repair/Maintenance	2	10	11	74	4	53	1
Interest Expense	-	-	-	-	1	-	-
Other Operating Expenses	3	33	111	6	6	13	2
Total Operating Expenses	602	868	1,609	463	671	1,024	196
Intrafund Expenses	-	-	-	-	-	(5)	-
Net Operating Expenses	602	868	1,609	463	671	1,019	196
Operating Income (Loss)	(46)	78	(64)	(285)	(63)	(949)	(8)
NONOPERATING REVENUES (EXPENSES):							
Gain (Loss) Sale of Fixed Assets	-	-	-	-	-	(2)	(2)
Federal Indirect Cost Recoveries	-	-	-	-	-	635	-
Total Nonoperating Revenues (Expenses)	-	-	-	-	-	633	(2)
Income (Loss) before Operating Transfers	(46)	78	(64)	(285)	(63)	(316)	(10)
Operating Transfers In	-	-	-	338	-	350	-
Net Income (Loss)	(46)	78	(64)	53	(63)	34	(10)
RETAINED EARNINGS - July 1 -							
As Previously Reported	-	-	251	205	(23)	41	35
Prior Period Adjustments	-	1	(2)	(13)	-	-	-
RETAINED EARNINGS - JULY 1 - As Restated	-	1	249	192	(23)	41	35
Residual Equity Transfers	-	-	-	-	-	-	-
RETAINED EARNINGS - JUNE 30	\$ (46)	\$ 79	\$ 185	\$ 245	\$ (86)	\$ 75	25

	RECORDS MANAGEMENT	FWP OFFICE SUPPLY	DEBT COLLECTIONS	ADMIN. LEGAL	LOCAL GOVERNMENT ADMIN.	STATEWIDE FUELING NETWORK	NATURAL GAS PROCUREMENT	ADMIN. DP UNIT	TOTALS
\$	458	\$ 77	\$ 259	\$ 99	\$ 119	\$ 17	\$ 99	60	\$ 65,728
	-	-	-	-	-	-	-	-	3,125
	-	-	-	-	-	-	-	-	67,491
	-	-	-	-	-	-	-	-	25
	30	-	-	-	-	-	-	-	492
	488	77	259	99	119	17	99	60	136,861
	-	-	-	-	-	-	-	-	(101)
	488	77	259	99	119	17	99	60	136,760
	262	23	164	78	107	-	-	45	20,302
	60	1	40	2	1	1	-	-	9,506
	40	23	3	1	-	1	-	3	13,649
	-	-	-	-	-	-	-	-	59,357
	2	2	1	1	-	2	-	-	8,543
	-	-	-	-	-	-	-	-	29
	54	2	3	2	-	-	98	-	4,751
	13	1	9	1	2	1	-	1	10,091
	1	-	-	-	-	2	-	-	301
	16	18	-	-	-	-	-	1	4,263
	-	-	-	-	-	-	-	-	81
	4	-	3	2	8	-	-	1	1,480
	452	70	223	87	118	7	98	51	132,353
	-	-	-	-	-	-	-	-	(101)
	452	70	223	87	118	7	98	51	132,252
	36	7	36	12	1	10	1	9	4,508
	-	-	-	(1)	-	-	(1)	-	(580)
	-	-	-	-	-	-	-	-	2,495
	-	-	-	(1)	-	-	(1)	-	1,915
	36	7	36	11	1	10	-	9	6,423
	-	-	-	-	-	-	-	-	1,664
	36	7	36	11	1	10	-	9	8,087
	5	10	(10)	(15)	(32)	9	2	(4)	73,322
	(29)	-	1	-	-	-	-	-	(142)
	(24)	10	(9)	(15)	(32)	9	2	(4)	73,180
	-	-	-	-	-	-	-	-	(277)
\$	12	\$ 17	\$ 27	\$ (4)	\$ (31)	\$ 19	\$ 2	\$ 5	\$ 80,990

STATE OF MONTANA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	EMPLOYEES GROUP BENEFITS	ISD	MUS GROUP INSURANCE	ADMIN. INSURANCE	FWP EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Sales and Services	\$ 14,273	\$ 41,490	\$ 20,892	\$ 20,314	\$ 5,953	\$ 1,432
Payments to Suppliers for						
Goods and Services	(5,970)	(1,080)	(11,664)	(2,041)	(2,479)	(942)
Payments to Employees	(4,106)	(308)	(4,800)	(126)	(428)	(53)
Grant Receipts	-	-	-	-	-	-
Cash Payments for Claims	-	(40,888)	-	(19,757)	(2,892)	-
Transfers from Other Funds	-	-	97	-	-	-
Other Operating Revenue	-	78	13	-	18	-
Net Cash Provided by (Used for)						
Operating Activities	4,197	(708)	4,538	(1,610)	172	437
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers to Other Funds	-	-	-	-	-	-
Transfers from Other Funds	-	-	-	-	154	185
Cash Payments for Loans	-	-	-	-	-	-
Proceeds from Interfund Loans	-	-	-	-	-	-
Interfund Loan Payments	-	-	-	-	-	-
Residual Equity Transfers to Other Funds	-	-	-	-	-	-
Contributed Capital Transfers						
from Other Funds	-	-	-	-	-	-
Net Cash Provided by (Used for)						
Noncapital Financing Activities	-	-	-	-	154	185
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of Fixed Assets	(4,934)	(24)	(1,733)	-	(31)	(965)
Proceeds from Sale of Fixed Assets	733	1	-	-	-	236
Principal and Interest Payments						
on Bonds and Notes	-	-	(1,075)	-	-	-
Net Cash Used for Capital and						
Related Financing Activities	(4,201)	(23)	(2,808)	-	(31)	(729)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Investments	-	(17,633)	-	-	(8,176)	-
Proceeds from Sales or						
Maturities of Investments	-	11,266	-	-	5,350	-
Interest and Dividends on Investments	-	2,360	-	437	489	-
Net Cash Provided by (Used for)						
Investing Activities	-	(4,007)	-	437	(2,337)	-
Net Increase (Decrease) in Cash						
and Cash Equivalents	(4)	(4,738)	1,730	(1,173)	(2,042)	(107)
Cash and Cash Equivalents, July 1	2,666	8,643	1,378	8,192	3,426	423
Cash and Cash Equivalents, June 30	\$ 2,662	\$ 3,905	\$ 3,108	\$ 7,019	\$ 1,384	\$ 316

MOTOR POOL	ADMIN. SUPPLY	PUBLICATIONS & GRAPHICS	BUILDINGS & GROUNDS	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	DEQ INDIRECT COST POOL	PHHS INDIRECT COST POOL	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER
\$ 761	\$ 3,958	\$ 6,611	\$ 4,329	\$ 598	\$ 1,812	\$ 1,018	\$ -	\$ 151	\$ 3,564
(365)	(3,643)	(5,643)	(3,106)	(263)	(485)	(384)	(285)	(113)	(3,083)
(167)	(307)	(760)	(770)	(1,256)	(1,621)	(1,384)	(39)	(4)	(307)
-	-	-	-	964	189	872	1	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	206	-	-
-	-	-	4	-	-	-	-	-	-
229	8	208	457	43	(105)	122	(117)	34	174
-	-	-	-	-	-	-	-	-	-
-	-	-	53	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	100
-	-	-	-	-	-	-	-	-	(345)
-	-	-	-	-	-	(200)	-	-	-
1,390	-	-	-	-	-	-	200	-	-
1,390	-	-	53	-	-	(200)	200	-	(245)
(1,644)	(59)	(138)	(133)	(63)	(75)	(39)	-	-	(10)
57	-	4	3	2	-	-	-	-	-
-	(23)	-	-	-	-	-	-	-	(83)
(1,587)	(82)	(134)	(130)	(61)	(75)	(39)	-	-	(93)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
32	(74)	74	380	(18)	(180)	(117)	83	34	(164)
33	606	795	774	465	650	673	-	29	307
\$ 65	\$ 532	\$ 869	\$ 1,154	\$ 447	\$ 470	\$ 556	\$ 83	\$ 63	\$ 143

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Cash Flows - Continued
Internal Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION	JUSTICE LEGAL	OPI CENTRAL SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Sales and Services	\$ 556	\$ 875	\$ 1,554	\$ 159	\$ 595	75
Payments to Suppliers for						
Goods and Services	(373)	(629)	(434)	(228)	(114)	(488)
Payments to Employees	(159)	(156)	(1,154)	(231)	(538)	(564)
Grant Receipts	-	-	-	-	-	638
Cash Payments for Claims	-	-	-	-	-	-
Transfers from Other Funds	-	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-	-
Net Cash Provided by (Used for)						
Operating Activities	24	90	(34)	(300)	(57)	(339)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers to Other Funds	-	-	-	-	-	-
Transfers from Other Funds	-	-	-	337	-	350
Cash Payments for Loans	-	-	-	-	-	-
Proceeds from Interfund Loans	-	-	-	-	90	-
Interfund Loan Payments	-	-	-	-	-	-
Residual Equity Transfers to Other Funds	-	-	-	-	-	-
Contributed Capital Transfers						
from Other Funds	101	-	-	-	-	-
Net Cash Provided by (Used for)						
Noncapital Financing Activities	101	-	-	337	90	350
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of Fixed Assets	(2)	-	(32)	(27)	(5)	(7)
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-
Principal and Interest Payments						
on Bonds and Notes	-	-	-	-	(1)	-
Net Cash Used for Capital and						
Related Financing Activities	(2)	-	(32)	(27)	(6)	(7)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Investments	-	-	-	-	-	-
Proceeds from Sales or						
Maturities of Investments	-	-	-	-	-	-
Interest and Dividends on Investments	-	-	-	-	-	-
Net Cash Provided by (Used for)						
Investing Activities	-	-	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	123	90	(66)	10	27	4
Cash and Cash Equivalents, July 1	-	-	354	231	26	66
Cash and Cash Equivalents, June 30	\$ 123	\$ 90	\$ 288	\$ 241	\$ 53	70

PERSONNEL TRAINING	RECORDS MANAGEMENT	FWP OFFICE SUPPLY	DEBT COLLECTIONS	ADMIN. LEGAL	LOCAL GOVERNMENT ADMIN.	STATEWIDE FUELING NETWORK	NATURAL GAS PROCUREMENT	ADMIN. DP UNIT	TOTALS
\$ 198	\$ 498	\$ 76	\$ 233	\$ 99	\$ 118	\$ 17	\$ 99	\$ 59	132,367
(66)	(196)	(44)	(54)	(8)	(11)	(5)	(98)	(6)	(44,300)
(120)	(254)	(25)	(161)	(89)	(107)	-	-	(44)	(20,038)
-	-	-	-	-	-	-	-	-	2,664
-	-	-	-	-	-	-	-	-	(63,537)
-	-	-	-	-	-	-	-	-	303
-	-	-	-	-	-	-	-	-	113
12	48	7	18	2	-	12	1	9	7,572
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	1,079
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	190
-	-	-	-	-	-	-	-	-	(345)
-	-	-	-	-	-	-	-	-	(200)
-	-	-	-	-	-	-	-	-	1,691
-	-	-	-	-	-	-	-	-	2,415
(8)	(53)	-	-	(2)	-	-	-	(1)	(9,985)
1	-	-	-	-	-	-	-	-	1,037
-	-	-	-	-	-	-	-	-	(1,182)
(7)	(53)	-	-	(2)	-	-	-	(1)	(10,130)
-	-	-	-	-	-	-	-	-	(25,809)
-	-	-	-	-	-	-	-	-	16,616
-	-	-	-	-	-	-	-	-	3,286
-	-	-	-	-	-	-	-	-	(5,907)
5	(5)	7	18	-	-	12	1	8	(6,050)
24	127	24	2	10	-	6	2	3	29,935
\$ 29	\$ 122	\$ 31	\$ 20	\$ 10	\$ -	\$ 18	\$ 3	\$ 11	\$ 23,885

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Cash Flows - Continued
Internal Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	HIGHWAY EQUIPMENT	EMPLOYEES GROUP BENEFITS	ISD	MUS GROUP INSURANCE	ADMIN. INSURANCE	FWP EQUIPMENT
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (574)	\$ 935	\$ 2,820	\$ (983)	\$ 5,093	106
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
Depreciation	4,334	2	2,997	2	6	483
Amortization	-	-	14	-	1	-
Interest on Investments	-	(2,223)	-	(400)	(502)	-
Federal Indirect Cost Recoveries	-	-	-	-	-	-
Interest Expense	-	-	69	-	-	-
Operating Transfers-In	-	-	97	-	-	-
Change in Assets and Liabilities:						
Decr (Incr) in Accounts Receivable	(91)	-	7	(15)	(54)	-
Decr (Incr) in Due From Other Governments	(6)	-	-	-	-	4
Decr (Incr) in Due From Other Funds	617	211	(251)	(18)	(1)	(10)
Decr (Incr) in Due From Component Units	(4)	-	(68)	(71)	-	1
Decr (Incr) in Inventories	-	-	-	-	-	-
Decr (Incr) in Long-Term Loans/Notes Receivable	-	-	(1,272)	-	-	-
Decr (Incr) in Other Assets	-	-	(115)	-	(4)	-
Incr (Decr) in Accounts Payable	96	152	68	(161)	(15)	(141)
Incr (Decr) in Due to Other Funds	(189)	2	121	(1)	2	(1)
Incr (Decr) in Due to Component Units	-	-	7	-	(2)	-
Incr (Decr) in Deferred Revenue	-	-	(22)	141	-	-
Incr (Decr) in Bonds/Notes Payable	-	-	-	-	-	-
Incr (Decr) in Property Held in Trust	-	18	4	-	-	-
Incr (Decr) in Compensated Absences Payable	14	(4)	62	(4)	(3)	(5)
Incr (Decr) in Estimated Claims	-	199	-	(100)	(4,349)	-
Net Cash Provided by (Used for)						
Operating Activities	<u>\$ 4,197</u>	<u>\$ (708)</u>	<u>\$ 4,538</u>	<u>\$ (1,610)</u>	<u>\$ 172</u>	<u>437</u>
SCHEDULE OF NONCASH TRANSACTIONS:						
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	2,210	\$ -	\$ -	-
Asset Acquisitions from Contributed						
Capital Transfers from Other Funds	30	-	-	-	-	-
Asset Disposals from Contributed Capital	(5)	-	-	-	-	-
Total Noncash Transactions	<u>\$ 25</u>	<u>\$ -</u>	<u>2,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

MOTOR POOL	ADMIN. SUPPLY	PUBLICATIONS & GRAPHICS	BUILDINGS & GROUNDS	LABOR CENTRAL SERVICES	COMMERCE CENTRAL SERVICES	DEQ INDIRECT COST POOL	PHHS INDIRECT COST POOL	FWP WAREHOUSE INVENTORY	MAIL & MESSENGER
\$ (40) \$	67 \$	(60) \$	574 \$	(1,004) \$	(223) \$	(809) \$	(324) \$	30 \$	125
311	23	103	17	84	45	20	-	-	48
-	3	-	-	1	-	-	-	-	8
-	-	-	-	-	-	-	-	-	-
-	-	-	-	950	73	837	-	-	-
-	2	-	-	-	-	-	-	-	9
-	-	-	-	-	-	-	530	-	-
3	(63)	-	-	-	1	-	-	-	(2)
-	-	-	-	-	-	-	-	-	-
(48)	(61)	100	(107)	381	(18)	11	(324)	4	(66)
-	(7)	119	(1)	-	1	-	-	-	1
-	30	(3)	-	-	-	-	-	(5)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	(11)	-	(4)	-	-	-	42
10	64	(53)	(16)	3	2	3	-	7	(18)
(10)	(13)	4	(1)	(376)	(30)	37	1	(1)	29
-	(1)	-	-	-	(2)	-	-	-	-
-	-	-	(4)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	(11)	-	-	-	41	-	-	-	-
3	(25)	(2)	6	4	9	23	-	(1)	(2)
-	-	-	-	-	-	-	-	-	-
\$ 229 \$	8 \$	208 \$	457 \$	43 \$	(105) \$	122 \$	(117) \$	34 \$	174
\$ - \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-
1,410	-	-	102	24	-	-	277	-	-
(117)	8	-	-	-	(1)	4	-	-	-
\$ 1,293 \$	8 \$	- \$	102 \$	24 \$	(1) \$	4 \$	277 \$	- \$	-

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Cash Flows - Continued
Internal Service Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	PAYROLL PROCESSING	WARRANT PROCESSING	INVESTMENT DIVISION	AIRCRAFT OPERATION	JUSTICE LEGAL	OPI CENTRAL SERVICES
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (46)	\$ 78	\$ (64)	\$ (285)	\$ (63)	\$ (949)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:						
Depreciation	2	12	18	4	12	10
Amortization	-	-	2	-	-	-
Interest on Investments	-	-	-	-	-	-
Federal Indirect Cost Recoveries	-	-	-	-	-	635
Interest Expense	-	-	-	-	1	-
Operating Transfers-In	-	-	-	-	-	-
Change in Assets and Liabilities:						
Decr (Incr) in Accounts Receivable	-	-	-	-	-	-
Decr (Incr) in Due From Other Governments	-	-	-	-	-	-
Decr (Incr) in Due From Other Funds	-	(53)	3	(19)	(13)	21
Decr (Incr) in Due From Component Units	-	(18)	7	-	-	-
Decr (Incr) in Inventories	-	-	-	-	-	-
Decr (Incr) in Long-Term Loans/Notes Receivable	-	-	-	-	-	-
Decr (Incr) in Other Assets	-	-	(2)	-	-	-
Incr (Decr) in Accounts Payable	-	2	(6)	5	1	(20)
Incr (Decr) in Due to Other Funds	45	54	1	(3)	-	(31)
Incr (Decr) in Due to Component Units	-	-	1	-	-	-
Incr (Decr) in Deferred Revenue	-	-	-	-	-	-
Incr (Decr) in Bonds/Notes Payable	-	-	-	-	-	-
Incr (Decr) in Property Held in Trust	-	-	-	-	-	-
Incr (Decr) in Compensated Absences Payable	23	15	6	(2)	5	(5)
Incr (Decr) in Estimated Claims	-	-	-	-	-	-
Net Cash Provided by (Used for)						
Operating Activities	<u>\$ 24</u>	<u>\$ 90</u>	<u>\$ (34)</u>	<u>\$ (300)</u>	<u>\$ (57)</u>	<u>\$ (339)</u>
SCHEDULE OF NONCASH TRANSACTIONS:						
Fixed Asset Acquisitions from Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	-
Asset Acquisitions from Contributed						
Capital Transfers from Other Funds	7	35	-	-	-	-
Asset Disposals from Contributed Capital	-	-	-	-	-	-
Total Noncash Transactions	<u>\$ 7</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

PERSONNEL TRAINING	RECORDS MANAGEMENT	FWP OFFICE SUPPLY	DEBT COLLECTIONS	ADMIN. LEGAL	LOCAL GOVERNMENT ADMIN.	STATEWIDE FUELING NETWORK	NATURAL GAS PROCUREMENT	ADMIN. DP UNIT	TOTALS
\$	(8) \$	36 \$	7 \$	36 \$	12 \$	1 \$	10 \$	1 \$	9 \$ 4,508
2	2	2	1	1	-	2	-	-	8,543
-	-	-	-	-	-	-	-	-	29
-	-	-	-	-	-	-	-	-	(3,125)
-	-	-	-	-	-	-	-	-	2,495
-	-	-	-	-	-	-	-	-	81
-	-	-	-	-	-	-	-	-	627
4	12	-	-	-	-	-	-	-	(198)
-	-	-	-	-	-	-	-	-	(2)
7	1	-	(26)	-	-	-	-	(1)	340
-	(1)	-	-	-	-	-	-	-	(41)
-	-	2	-	-	-	-	-	-	24
-	-	-	-	-	-	-	-	-	(1,272)
-	15	-	-	-	-	-	-	-	(79)
-	(10)	(1)	1	-	-	-	-	-	(27)
3	(12)	(1)	4	-	-	-	-	-	(366)
-	-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	-	-	115
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	52
4	5	(2)	2	(11)	(1)	-	-	1	115
-	-	-	-	-	-	-	-	-	(4,250)
\$	12 \$	48 \$	7 \$	18 \$	2 \$	- \$	12 \$	1	9 \$ 7,572
\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	-	- \$ 2,210
-	245	-	5	-	-	3	-	-	2,138
-	(195)	-	(2)	-	-	-	-	-	(308)
\$	- \$	50 \$	- \$	3 \$	- \$	- \$	3 \$	-	- \$ 4,040

STATE OF MONTANA
Schedule of Expenditures and Transfers Out
Budget and Actual (Budget Basis) - Internal Service Fund Type
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
SECRETARY OF STATES OFFICE				
Business & Government Services	\$ 494	\$ -	\$ 494	-
Total Agency	\$ 494	\$ -	\$ 494	-
OFFICE OF PUBLIC INSTRUCTION				
OPI Administration	1,057	-	1,028	29
Total Agency	\$ 1,057	\$ -	\$ 1,028	29
DEPARTMENT OF JUSTICE				
Agency Legal Services	748	-	649	99
Central Services Division	9	-	9	-
Total Agency	\$ 757	\$ -	\$ 658	99
COMMISSIONER OF HIGHER ED				
MUS Group Insurance Program	22,752	-	21,747	1,005
Total Agency	\$ 22,752	\$ -	\$ 21,747	1,005
DEPT OF FISH, WILDLIFE & PARKS				
Administration & Finance Div	1,902	-	1,891	11
Field Services Division	179	-	112	67
Parks Division	282	-	272	10
Total Agency	\$ 2,363	\$ -	\$ 2,275	88
DEPT OF ENVIRONMENTAL QUALITY				
Central Management Program	2,174	-	1,928	246
Total Agency	\$ 2,174	\$ -	\$ 1,928	246
DEPARTMENT OF TRANSPORTATION				
State Motor Pool	2,187	-	2,176	11
Equipment Program	15,813	-	15,592	221
Total Agency	\$ 18,000	\$ -	\$ 17,768	232
DEPT NAT RESOURCE/CONSERVATION				
Forestry	479	-	470	9
Total Agency	\$ 479	\$ -	\$ 470	9
DEPARTMENT OF ADMINISTRATION				
Accounting & Mgmt Support Prog	1,315	-	1,251	64
Procurement & Printing Div	11,686	-	10,784	902
Information Services Division	19,133	-	18,833	300
General Services Program	4,590	-	3,639	951
Mail & Distribution Bureau	3,654	-	3,519	135
State Personnel Division	43,951	-	43,509	442
Risk Management & Tort Defense	6,128	-	5,740	388
Total Agency	\$ 90,457	\$ -	\$ 87,275	3,182
LONG-RANGE BUILDING				
Departments & Agencies	657	-	107	550
Total Agency	\$ 657	\$ -	\$ 107	550

(Continued on Next Page)

STATE OF MONTANA
Schedule of Expenditures and Transfers Out - Continued
Budget and Actual (Budget Basis) - Internal Service Fund Type
For Fiscal Year Ending June 30, 1996 (Expressed in Thousands)

Agency/Program/Project	Appropriated Expenditures	Appropriated Transfer Out	Actual	Variance (Unfavorable)
DEPARTMENT OF COMMERCE				
POL Bureau	\$ 1,225	\$ -	\$ 1,202	23
Local Gov't Assistance Admin	133	-	119	14
Board of Investments	1,725	-	1,588	137
Director/Management Services	1,073	-	1,010	63
Total Agency	\$ 4,156	\$ -	\$ 3,919	237
LABOR & INDUSTRY				
Job Service Division	50	-	40	10
Commissioner's Office/CSD	1,891	-	1,550	341
Total Agency	\$ 1,941	\$ -	\$ 1,590	351
PUBLIC HEALTH & HUMAN SERVICES				
Director's Office/Health	202	-	106	96
Central Services/Health	339	-	264	75
Total Agency	\$ 541	\$ -	\$ 370	171
AGENCY PROGRAM TOTALS	<u>\$ 145,828</u>	<u>\$ -</u>	<u>\$ 139,629</u>	<u>6,199</u>

TRUST AND AGENCY FUNDS

Trust and Agency Funds are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (1) Expendable Trust Funds; (2) Nonexpendable Trust Funds; (3) Pension Trust Funds; and (4) Agency Funds.

STATE OF MONTANA
Combining Balance Sheet
All Trust and Agency Fund Types
June 30, 1996
(Expressed in Thousands)

	EXPENDABLE TRUSTS	NON- EXPENDABLE TRUSTS	PENSION TRUSTS	AGENCY	TOTALS
ASSETS:					
Cash/Cash Equivalents	\$ 126,198	\$ 51,857	\$ 63,069	\$ 584,217	\$ 825,341
Receivables (Net)	20,242	11,842	13,317	70,640	116,041
Due from Component Units	-	-	297	1,075	1,372
Due from Other Funds	310	1,401	6,969	22,777	31,457
Advances to Other Funds	-	-	-	60	60
Equity in Pooled Investments	103	848,924	1,857,158	120,180	2,826,365
Long-Term Loans Receivable	3,268	61	890	-	4,219
Investments	-	112,234	134,708	122,528	369,470
Land	-	49,399	25	-	49,424
Buildings/Improvements	-	-	277	-	277
Equipment	-	-	133	-	133
Accumulated Depreciation	-	-	(191)	-	(191)
Intangible Assets	-	-	3	-	3
Other Assets	-	-	-	10,772	10,772
TOTAL ASSETS	\$ 150,121	\$ 1,075,718	\$ 2,076,655	\$ 932,249	\$ 4,234,743
LIABILITIES/FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 19,231	\$ 1,973	\$ 815	\$ 25,700	\$ 47,719
Interfund Loans Payable	20	37	-	1,012	1,069
Due to Other Governments	-	-	-	300,155	300,155
Due to Component Units	-	660	-	28	688
Due to Other Funds	6,081	23,285	201	4,946	34,513
Deferred Revenue	1,608	57	21	-	1,686
Property Held in Trust	1,946	-	-	597,155	599,101
Compensated Absences Payable	-	-	102	-	102
Other Liabilities	-	-	-	3,253	3,253
Total Liabilities	28,886	26,012	1,139	932,249	988,286
Fund Balances:					
Reserved for:					
Long-Term Loans	3,268	-	-	-	3,268
Trust Principal	-	1,049,706	-	-	1,049,706
Retirement Systems	-	-	2,075,516	-	2,075,516
Unreserved	117,967	-	-	-	117,967
Total Fund Balances	121,235	1,049,706	2,075,516	-	3,246,457
TOTAL LIABILITIES/FUND BALANCES	\$ 150,121	\$ 1,075,718	\$ 2,076,655	\$ 932,249	\$ 4,234,743



EXPENDABLE TRUST FUNDS

Expendable Trust Funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings may be expended. A brief description of each Expendable Trust Fund follows:

Unemployment Insurance - This fund accounts for employer contributions deposited with the Secretary of the Treasury of the United States to the credit of Montana's unemployment trust fund. Unemployment benefits are paid from this fund to eligible recipients. Administrative costs are paid from a Special Revenue Fund.

Intergovernmental Taxes - This fund accounts for the portion of oil and gas severance, alcohol, gambling and financial institution corporation taxes that are distributed to local governments.

Rural Development - This fund accounts for programs authorized under the Bankhead Jones Farm Tenant Act. Resources are used by the Department of Agriculture under a federal use agreement for the purpose of aiding low income rural families.

Rail Construction - This fund accounts for principal and interest amounts used to provide loans or grants in accordance with the Federal Rail Administration guidelines for new rail rehabilitation projects in Montana.

Escheated Property - This fund accounts for property that has reverted to the State due to the absence of legal claimants or heirs.

Rock Creek Trust - This fund accounts for principal and interest earnings that are to be used to secure conservation easements and to implement monitoring programs of the hydrology and fish and wildlife in the Rock Creek drainage.

Labor & Industry Compensation Insurance - This fund accounts for the proceeds from liquidated security bonds held on deposit from self-insured employers and other insurance companies in lieu of participating in the State Compensation Insurance. Administrative costs of operating the fund are paid from a Special Revenue Fund.

Historical Society General Trust - Deposits of the principal amounts of various stocks donated by numerous contributors in trust to the Society and the Charles Bair Memorial are accounted for in this fund. The principal can be expended for acquisitions approved by the Board of Trustees.

Woodville Highway Replacement - This fund accounts for money paid to the Montana Department of Transportation by the Anaconda Company to provide the government of Butte-Silver Bow with traffic facilities to replace the abandoned portion of U.S. Highway 91.

Rural Physician - This fund accounts for the fee assessments, educational debt payments and administrative costs associated with the rural physician incentive program administered by the Board of Regents of Higher Education.

Haynes Trust - This fund accounts for principal and interest earnings for conservation and restoration of items in the Haynes collection donated to the society.

State Library Trust - This fund accounts for principal and interest earnings for donations to the State Library for their talking book library.

School for Deaf & Blind - The School accounts for private donations in this fund.

STATE OF MONTANA
Combining Balance Sheet
Expendable Trust Funds
June 30, 1996
(Expressed in Thousands)

	UNEMPLOYMENT INSURANCE	LOCAL GOV'T TRUST	RURAL DEVELOPMENT	RAIL CONSTRUCTION	ESCHEATED PROPERTY	L&I COMP INSURANCE
ASSETS:						
Cash/Cash Equivalents	\$ 111,986	\$ 9,771	\$ 651	\$ 691	\$ 1,465	\$ 798
Receivables (Net)	3,476	16,765	-	-	-	-
Due from Other Funds	11	299	-	-	-	-
Equity in Pooled Investments	-	-	-	-	-	-
Long-Term Loans/Notes Receivable	-	-	2,175	1,093	-	-
TOTAL ASSETS	\$ 115,473	\$ 26,835	\$ 2,826	\$ 1,784	\$ 1,465	\$ 798
LIABILITIES/FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 70	\$ 19,152	\$ 1	\$ -	\$ 8	\$ -
Interfund Loans Payable	20	-	-	-	-	-
Due to Other Funds	-	6,075	3	-	2	-
Deferred Revenue	-	1,608	-	-	-	-
Property Held in Trust	112	-	-	-	1,036	798
Total Liabilities	202	26,835	4	-	1,046	798
Fund Balances:						
Reserved for Long-Term Loans	-	-	2,175	1,093	-	-
Unreserved	115,271	-	647	691	419	-
Total Fund Balances	115,271	-	2,822	1,784	419	-
TOTAL LIABILITIES/FUND BALANCES	\$ 115,473	\$ 26,835	\$ 2,826	\$ 1,784	\$ 1,465	\$ 798

HISTORICAL SOCIETY GENERAL TRUST	WOODVILLE HIGHWAY REPLACEMENT	RURAL PHYSICIAN	HAYNES TRUST	STATE LIBRARY TRUST	TOTALS
\$ 297	\$ 255	\$ 260	\$ 17	\$ 7	\$ 126,198
-	-	1	-	-	20,242
-	-	-	-	-	310
103	-	-	-	-	103
-	-	-	-	-	3,268
<u>\$ 400</u>	<u>\$ 255</u>	<u>\$ 261</u>	<u>\$ 17</u>	<u>\$ 7</u>	<u>\$ 150,121</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,231
-	-	-	-	-	20
1	-	-	-	-	6,081
-	-	-	-	-	1,608
-	-	-	-	-	1,946
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,886</u>
-	-	-	-	-	3,268
399	255	261	17	7	117,967
<u>399</u>	<u>255</u>	<u>261</u>	<u>17</u>	<u>7</u>	<u>121,235</u>
<u>\$ 400</u>	<u>\$ 255</u>	<u>\$ 261</u>	<u>\$ 17</u>	<u>\$ 7</u>	<u>\$ 150,121</u>

STATE OF MONTANA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Expendable Trust Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	UNEMPLOYMENT INSURANCE	LOCAL GOV'T TRUST	RURAL DEVELOPMENT	RAIL CONSTRUCTION	ESCHEATED PROPERTY	ROCK CREEK TRUST
REVENUES:						
Licenses/Permits	\$ -	\$ 1,768	\$ -	\$ -	\$ -	\$ -
Taxes:						
Natural Resouce	-	27,368	-	-	-	-
Corporate Income	-	9,677	-	-	-	-
Other	-	23,079	-	-	-	-
Charges for Services/Fines/Forfeits	-	-	-	-	-	-
Investment Earnings	8,318	292	213	39	-	39
Rentals/Leases/Royalties	-	-	-	-	-	-
Contributions/Premiums	58,561	-	-	-	-	-
Grants/Contracts/Donations	-	-	4	-	1,274	-
Federal	5,238	-	-	-	-	-
Total Revenues	72,117	62,184	217	39	1,274	39
EXPENDITURES:						
Current:						
General Government	-	43,762	-	-	-	-
Public Safety/Corrections	-	23,128	-	-	-	-
Health/Social Services	-	-	-	-	-	2
Education/Cultural	-	-	-	-	-	-
Economic Development/Assistance	65,734	-	96	-	-	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest/Fiscal Charges	-	-	-	-	-	-
Capital Outlay	-	-	1	-	-	3
Total Expenditures	65,734	66,890	97	-	-	5
Excess of Revenues Over (Under) Expenditures	6,383	(4,706)	120	39	1,274	34
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	-	-	-	-	63	-
Operating Transfers Out	-	-	-	-	(1,172)	-
Total Other Financing Sources (Uses)	-	-	-	-	(1,109)	-
Excess of Revenues/Other Sources Over (Under) Expenditures/ Other Uses	6,383	(4,706)	120	39	165	34
FUND BALANCES - JULY 1 -						
As Previously Reported	108,880	-	2,702	1,745	254	1,242
Prior Period Adjustments	-	-	-	-	-	(1,276)
FUND BALANCES - JULY 1 - As Restated	108,880	-	2,702	1,745	254	(34)
Residual Equity Transfers	8	4,706	-	-	-	-
FUND BALANCES - JUNE 30	\$ 115,271	\$ -	\$ 2,822	\$ 1,784	\$ 419	\$ -

HISTORICAL SOCIETY GENERAL TRUST	WOODVILLE HIGHWAY REPLACEMENT	RURAL PHYSICIAN	HAYNES TRUST	METAL MINES LOCAL ASSISTANCE	STATE LIBRARY TRUST	SCHOOL FOR DEAF & BLIND	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,768
-	-	-	-	1,735	-	-	29,103
-	-	-	-	-	-	-	9,677
-	-	-	-	-	-	-	23,079
-	-	182	-	-	-	-	182
32	14	12	1	-	-	-	8,960
-	-	-	-	-	-	14	14
-	-	-	-	-	-	-	58,561
-	-	-	-	-	7	57	1,342
-	-	-	-	-	-	-	5,238
32	14	194	1	1,735	7	71	137,924
-	-	-	-	1,735	-	-	45,497
-	-	-	-	-	-	-	23,128
-	-	-	-	-	-	-	2
-	-	79	-	-	-	71	150
-	-	-	-	-	-	-	65,830
20	-	-	-	-	-	-	20
2	-	-	-	-	-	-	2
-	-	-	-	-	-	-	4
22	-	79	-	1,735	-	71	134,633
10	14	115	1	-	7	-	3,291
-	-	-	-	-	-	-	63
(7)	-	-	-	-	-	-	(1,179)
(7)	-	-	-	-	-	-	(1,116)
3	14	115	1	-	7	-	2,175
393	241	146	16	-	-	-	115,619
3	-	-	-	-	-	-	(1,273)
396	241	146	16	-	-	-	114,346
-	-	-	-	-	-	-	4,714
\$ 399	\$ 255	\$ 261	\$ 17	\$ -	\$ 7	\$ -	121,235



NONEXPENDABLE TRUST FUNDS

Nonexpendable Trust Funds are used to account for assets held by the State in a trustee capacity, where the trust principal may not be expended. A brief description of each Nonexpendable Trust Fund follows:

Coal Tax Trust - This fund, created by Article IX, Section 5 of the Montana Constitution and administered by the Department of Revenue, receives 50% of all coal tax collections. Principal may be expended only upon affirmative vote by three-fourths of each house of the Legislature.

Land Grants - The Department of State Lands accounts for lands granted to the State for support of public schools and State institutions in this fund.

Resource Indemnity - Taxes paid by persons engaging in or carrying on the business of mining, extracting or producing minerals are deposited in this fund. Only the net earnings of the trust may be appropriated until the principal reaches \$100 million. Interest earnings are expended from a Special Revenue Fund. This fund is administered by the Department of Revenue.

Parks Trust and Cultural Trust - A portion of the coal severance taxes are credited to these funds by the Department of Revenue. Income from the trusts shall be used for the acquisition and maintenance of State parks and historical sites by the Department of Fish, Wildlife and Parks and for the protection of works of art in the State Capitol and other cultural projects through the Montana Arts Council.

Real Property Trust - Money received by the Department of Fish, Wildlife and Parks from the sale of real property, from the exploration and development of oil, gas and mineral deposits and from the lease of department real property is deposited in this fund. Interest is recorded in a Special Revenue Fund and used for developing and maintaining real property of the department.

Noxious Weed Management - The Department of Agriculture accounts for revenues and interest earned on fees charged for the control of noxious weeds in this fund.

Moore Sipple Connector - Money is held in trust to provide funds for the restructuring of the Geraldine-Lewistown Line.

Historical Society - Four funds (Jim Bradley Memorial, Thomas Teakle, Merritt Wheeler and Historical Society Acquisitions) account for memorials, bequests and various other contributions to the Montana Historical Society. Investment income is either expended from a Special Revenue Fund, Expendable Trust Fund or added to the principal.

STATE OF MONTANA
Combining Balance Sheet
Nonexpendable Trust Funds
June 30, 1996
(Expressed in Thousands)

	COAL TAX TRUST	LAND GRANTS	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY	NOXIOUS WEED MANAGEMENT	MOORE SIPPLE CONNECTOR
ASSETS:								
Cash/Cash Equivalents	\$ 29,364	\$ 15,811	\$ 3,746	\$ 548	\$ 488	\$ 1,210	\$ 394	\$ 242
Receivables (Net)	8,755	2,059	645	184	97	73	28	-
Due from Other Funds	19	1,013	289	-	-	79	1	-
Equity in Pooled Investments	437,003	302,248	89,889	12,453	7,199	-	-	-
Long-Term Loans/Notes Receivable	-	61	-	-	-	-	-	-
Investments	104,287	-	-	-	-	5,800	2,147	-
Land	-	49,399	-	-	-	-	-	-
TOTAL ASSETS	\$ 579,428	\$ 370,591	\$ 94,569	\$ 13,185	\$ 7,784	\$ 7,162	\$ 2,570	\$ 242
LIABILITIES/FUND BALANCES:								
Liabilities:								
Accounts Payable	\$ -	\$ 1,967	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4
Interfund Loans Payable	37	-	-	-	-	-	-	-
Due to Other Funds	6,984	14,337	1,359	186	266	85	68	-
Due to Component Units	-	660	-	-	-	-	-	-
Deferred Revenue	-	-	57	-	-	-	-	-
Total Liabilities	7,021	16,964	1,416	186	266	85	68	4
Fund Balances:								
Reserved for Trust Principal	572,407	353,627	93,153	12,999	7,518	7,077	2,502	238
Total Fund Balances	572,407	353,627	93,153	12,999	7,518	7,077	2,502	238
TOTAL LIABILITIES/FUND BALANCES	\$ 579,428	\$ 370,591	\$ 94,569	\$ 13,185	\$ 7,784	\$ 7,162	\$ 2,570	\$ 242

	JIM BRADLEY MEMORIAL	THOMAS TEAKLE	MERRITT- WHEELER MEMORIAL	HISTORICAL SOCIETY ACQUISITIONS	TOTALS
\$	16	\$ 14	\$ 16	8	\$ 51,857
	1	-	-	-	11,842
	-	-	-	-	1,401
	54	43	12	23	848,924
	-	-	-	-	61
	-	-	-	-	112,234
	-	-	-	-	49,399
<hr/>					
\$	71	\$ 57	\$ 28	31	\$ 1,075,718
<hr/>					
\$	2	\$ -	\$ -	-	\$ 1,973
	-	-	-	-	37
	-	-	-	-	23,285
	-	-	-	-	660
	-	-	-	-	57
<hr/>					
	2	-	-	-	26,012
<hr/>					
	69	57	28	31	1,049,706
<hr/>					
	69	57	28	31	1,049,706
<hr/>					
\$	71	\$ 57	\$ 28	31	\$ 1,075,718
<hr/>					

STATE OF MONTANA
Combining Statement of Revenues, Expenses and Changes in Fund Balances
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	COAL TAX TRUST	LAND GRANTS	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY	NOXIOUS WEED MANAGEMENT
OPERATING REVENUES:							
Charges for Services	\$ -	\$ 4,086	\$ -	\$ -	\$ -	\$ 303	\$ -
Investment Earnings	44,431	26,442	7,960	1,033	588	453	357
Taxes	17,605	-	1,538	461	222	-	24
Rentals/Leases/Royalties	-	25,948	-	-	-	257	-
Other Operating Revenues	-	35	-	-	-	-	-
Total Operating Revenues	62,036	56,511	9,498	1,494	810	1,013	381
OPERATING EXPENSES:							
Other Operating Expenses	-	-	-	-	-	-	-
Total Operating Expenses	-	-	-	-	-	-	-
Income (Loss) before Operating Transfers	62,036	56,511	9,498	1,494	810	1,013	381
Operating Transfers In	-	1,109	-	-	-	-	-
Operating Transfers Out	(43,962)	(43,891)	(7,960)	(1,033)	(588)	(453)	(423)
Transfers to Component Units	-	(1,815)	-	-	-	-	-
Net Income (Loss)	18,074	11,914	1,538	461	222	560	(42)
FUND BALANCES - JULY 1 -							
As Previously Reported	554,309	341,713	91,615	12,538	7,296	6,517	2,544
Prior Period Adjustments	-	-	-	-	-	-	-
FUND BALANCES - JULY 1 - As Restated	554,309	341,713	91,615	12,538	7,296	6,517	2,544
Residual Equity Transfers	24	-	-	-	-	-	-
FUND BALANCES - JUNE 30	<u>\$ 572,407</u>	<u>\$ 353,627</u>	<u>\$ 93,153</u>	<u>\$ 12,999</u>	<u>\$ 7,518</u>	<u>\$ 7,077</u>	<u>\$ 2,502</u>

	MOORE SIPPLE CONNECTOR	JIM BRADLEY MEMORIAL	THOMAS TEAKLE	MERRITT- WHEELER MEMORIAL	HISTORICAL SOCIETY ACQUISITIONS	TOTALS
\$	- \$	- \$	- \$	- \$	- \$	4,389
	14	8	6	2	1	81,295
	-	-	-	-	-	19,850
	-	-	-	-	-	26,205
	-	-	-	-	-	35
	14	8	6	2	1	131,774
	14	6	-	-	-	20
	14	6	-	-	-	20
	-	2	6	2	1	131,754
	-	-	-	-	-	1,109
	-	-	(4)	-	-	(98,314)
	-	-	-	-	-	(1,815)
	-	2	2	2	1	32,734
	238	67	55	26	30	1,016,948
	-	-	-	-	-	-
	238	67	55	26	30	1,016,948
	-	-	-	-	-	24
\$	238 \$	69 \$	57 \$	28 \$	31 \$	1,049,706

STATE OF MONTANA
Combining Statement of Cash Flows
Nonexpendable Trust Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

	COAL TAX TRUST	LAND GRANTS	RESOURCE INDEMNITY	PARKS TRUST	CULTURAL TRUST	REAL PROPERTY
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Sales and Services	\$ -	\$ 3,891	\$ -	\$ -	\$ -	304
Grant Payments	-	-	-	-	-	-
Scholarship/Fellowship Payments	-	-	-	-	-	-
Other Operating Revenue	-	35	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	-	3,926	-	-	-	304
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Collection of Taxes	18,260	-	1,250	357	231	-
Transfers to Other Funds	(53,094)	(38,106)	(8,694)	(1,001)	(403)	(453)
Transfers to Component Units	-	(1,678)	-	-	-	-
Interfund Loan Payments	-	-	-	-	97	-
Transfers from Other Funds	-	1,086	-	-	-	-
Proceeds from Interfund Loans	37	-	-	-	-	-
Residual Equity Transfers from Other Funds	24	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(34,773)	(38,698)	(7,444)	(644)	(75)	(453)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of Investments	(35,091)	(32,437)	(9,524)	(821)	(413)	(3,935)
Proceeds from Sales or Maturities of Investments	25,953	17,503	7,001	280	29	2,982
Interest and Dividends on Investments	41,928	25,610	7,642	1,049	516	473
Collections of Principal on Loans	16,342	-	-	-	-	-
Cash Payments for Loans	(25,178)	-	-	-	-	-
Collection of Rents/Leases/Royalties	-	25,293	-	-	-	195
Net Cash Provided by (Used for) Investing Activities	23,954	35,969	5,119	508	132	(285)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,819)	1,197	(2,325)	(136)	57	(434)
Cash and Cash Equivalents, July 1	40,183	14,614	6,071	684	431	1,644
Cash and Cash Equivalents, June 30	\$ 29,364	\$ 15,811	\$ 3,746	\$ 548	\$ 488	\$ 1,210

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	\$ 62,036	\$ 56,511	\$ 9,498	\$ 1,494	\$ 810	1,013
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**ADJUSTMENTS TO RECONCILE OPERATING INCOME
TO NET CASH PROVIDED BY (USED FOR)
OPERATING ACTIVITIES:**

Taxes	(17,605)	-	(1,538)	(461)	(222)	-
Interest on Investments	(44,431)	(26,442)	(7,960)	(1,033)	(588)	(453)
Rentals/Leases/Royalties	-	(25,948)	-	-	-	(257)
Change in Assets and Liabilities:						
Decr (Incr) in Due From Other Funds	-	(195)	-	-	-	1
Incr (Decr) in Accounts Payable	-	-	-	-	-	-

Net Cash Provided by (Used for) Operating Activities	\$ -	\$ 3,926	\$ -	\$ -	\$ -	304
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NOXIOUS WEED MANAGEMENT	MOORE SIPPLE CONNECTOR	JIM BRADLEY MEMORIAL	THOMAS TEAKLE	MERRITT- WHEELER MEMORIAL	HISTORICAL SOCIETY ACQUISITIONS	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,195
-	(15)	-	-	-	-	(15)
-	-	(4)	-	-	-	(4)
-	-	-	-	-	-	35
-	(15)	(4)	-	-	-	4,211
21	-	-	-	-	-	20,119
(389)	-	-	(4)	-	-	(102,144)
-	-	-	-	-	-	(1,678)
-	-	-	-	-	-	97
-	-	-	-	-	-	1,086
-	-	-	-	-	-	37
-	-	-	-	-	-	24
(368)	-	-	(4)	-	-	(82,459)
(1,213)	-	-	-	-	(23)	(83,457)
986	-	-	-	-	-	54,734
383	15	7	6	2	1	77,632
-	-	-	-	-	-	16,342
-	-	-	-	-	-	(25,178)
-	-	-	-	-	-	25,488
156	15	7	6	2	(22)	65,561
(212)	-	3	2	2	(22)	(12,687)
606	242	13	12	14	30	64,544
\$ 394	\$ 242	\$ 16	\$ 14	\$ 16	\$ 8	\$ 51,857
\$ 381	\$ -	\$ 2	\$ 6	\$ 2	\$ 1	131,754
(24)	-	-	-	-	-	(19,850)
(357)	(14)	(8)	(6)	(2)	(1)	(81,295)
-	-	-	-	-	-	(26,205)
-	-	-	-	-	-	(194)
-	(1)	2	-	-	-	1
\$ -	\$ (15)	\$ (4)	\$ -	\$ -	\$ -	4,211

PENSION TRUST FUNDS

The Pension Trust Funds are used to account for public employee retirement systems. A brief description of each Pension Trust Fund follows.

Public Employees' Retirement System (PERS) - This fund accounts for the accumulation of resources used to pay retirement, disability and death benefits to qualified public employees. The system is funded from employer and employee contributions. This fund also accounts for the administrative costs, paid from investment earnings, of the Public Employees' Retirement Division, Department of Administration, which administers the activities of PERS and the following seven retirement systems:

Municipal Police Officers' Retirement System - This fund accounts for resources used to pay retirement, disability and death benefits to qualifying police officers employed by first and second class cities and other cities electing coverage. The system is funded from member, State and city contributions.

Firefighters' Unified Retirement System - This fund accounts for the accumulation of resources used to pay retirement, disability and death benefits to firefighters employed by first and second class cities and other cities electing coverage. In addition to employer and employee contributions, the State contributes a portion of insurance premium taxes collected.

Sheriffs' Retirement System - This fund accounts for member and county contributions to pay retirement, disability and death benefits to qualifying sheriffs.

Highway Patrol Officers' Retirement System - This fund accounts for member and State contributions to pay retirement, disability and death benefits to qualifying highway patrol officers.

Judges' Retirement System - This fund accounts for member and State contributions used to pay retirement, disability and death benefits to Montana's judges. The system is also funded from a percentage of court fees collected.

Game Wardens' Retirement System - This fund accounts for the accumulation of resources used to pay retirement, disability and death benefits to game wardens employed by the State. In addition to employer and employee contributions, this fund receives collections of fines and forfeitures generated from fish and wildlife violations.

Volunteer Firefighters' of Unincorporated Areas Retirement System - This fund accounts for resources used to pay medical benefits and retirement, disability and death benefits to qualifying volunteer firefighters. Benefit payments are based upon the growth of the fund in the preceding year.

STATE OF MONTANA
Combining Statement of Plan Net Assets
Pension Trust Funds
June 30, 1996
(Expressed in Thousands)

	PERS	MUNICIPAL POLICE	FIRE- FIGHTERS UNIFIED	SHERIFFS	HIGHWAY PATROL	JUDGES	GAME WARDENS	VOLUNTEER FIRE- FIGHTERS	TOTALS
ASSETS:									
Cash/Cash Equivalents	\$ 52,798	\$ 1,709	\$ 1,664	\$ 2,485	\$ 1,621	\$ 827	\$ 600	\$ 1,365	\$ 63,069
Receivables (Net):									
Employer Contributions	1,613	108	91	112	-	-	-	-	1,924
Employee Contributions	1,746	81	50	111	-	-	-	-	1,988
Interest	7,919	326	308	329	228	120	88	55	9,373
Other Receivables	32	-	-	-	-	-	-	-	32
Due from Component Units	297	-	-	-	-	-	-	-	297
Due from Other Funds	210	2,497	4,142	-	52	68	-	-	6,969
Long Term Notes/Loans Receivable	890	-	-	-	-	-	-	-	890
Investments, at Fair Value:									
Equity in Pooled Investments	1,555,572	68,190	64,259	68,558	47,426	24,962	18,384	9,807	1,857,158
Other Investments	129,331	1,195	896	1,195	896	597	299	299	134,708
Land	25	-	-	-	-	-	-	-	25
Buildings/Improvements	277	-	-	-	-	-	-	-	277
Equipment	133	-	-	-	-	-	-	-	133
Accumulated Depreciation	(191)	-	-	-	-	-	-	-	(191)
Intangible Assets	3	-	-	-	-	-	-	-	3
TOTAL ASSETS	<u>\$ 1,750,655</u>	<u>\$ 74,106</u>	<u>\$ 71,410</u>	<u>\$ 72,790</u>	<u>\$ 50,223</u>	<u>\$ 26,574</u>	<u>\$ 19,371</u>	<u>\$ 11,526</u>	<u>\$ 2,076,655</u>
LIABILITIES/FUND BALANCES:									
Accounts Payable	\$ 782	\$ 14	\$ -	\$ 19	\$ -	\$ -	\$ -	\$ -	815
Due to Other Funds	78	31	26	22	14	3	5	22	201
Deferred Revenue	17	1	-	3	-	-	-	-	21
Compensated Absences Payable	102	-	-	-	-	-	-	-	102
Total Liabilities	<u>979</u>	<u>46</u>	<u>26</u>	<u>44</u>	<u>14</u>	<u>3</u>	<u>5</u>	<u>22</u>	<u>1,139</u>
Fund Balances Reserved for Employees' Pension Benefits	<u>1,749,676</u>	<u>74,060</u>	<u>71,384</u>	<u>72,746</u>	<u>50,209</u>	<u>26,571</u>	<u>19,366</u>	<u>11,504</u>	<u>2,075,516</u>
TOTAL LIABILITIES/FUND BALANCES	<u>\$ 1,750,655</u>	<u>\$ 74,106</u>	<u>\$ 71,410</u>	<u>\$ 72,790</u>	<u>\$ 50,223</u>	<u>\$ 26,574</u>	<u>\$ 19,371</u>	<u>\$ 11,526</u>	<u>\$ 2,076,655</u>



AGENCY FUNDS

The Agency Funds are used to account for assets held by the State as an agent for individuals, private organizations, other governments and other funds. A brief description of each Agency Fund follows.

Investment Pool - This fund accounts for idle cash invested on a pooled basis. Investment earnings on State funds are accounted for as revenue in either the fund providing the cash for investment or in the fund from which the earnings will be expended.

Employees' Deferred Compensation - State employees may defer a part of their compensation for the purpose of investment. This fund accounts for employee withholdings transferred to investing entities for allocation to employee designated investment plans.

Land Grant Interest - This fund accounts for interest and income earnings on nonexpendable trusts administered by the Department of State Lands pending distribution to units of the university system and State institutions.

Performance Deposits - This fund accounts for deposits held by the State pending compliance with performance agreements.

Central Payroll - This fund accounts for the accumulation of State employees' payroll and withholdings by the State Auditor's Office pending remittance to employees and other appropriate third parties.

Workers' Comp Securities - This fund, administered by the Department of Labor and Industry, accounts for surety bonds, converting the bonds into cash to liquidate liabilities as necessary.

Custodial Accounts - This fund accounts for moneys belonging to State institution residents, students of the School for the Deaf and Blind, participants in the foster children and protective services programs and balances held by the Commissioner of Higher Education's Office for remittance, on behalf of eligible employees of the Montana University System, to the TIAA-CREF retirement fund.

Unissued Warrants - This fund reports the amount of warrants authorized by agency claims but not written or mailed by fiscal year-end.

Child Support Collections - This fund accounts for payments from parents under the Child Support Enforcement Program administered by the Department of Social & Rehabilitative Services.

Unclaimed Property - This fund accounts for property held by State agencies pending claim by the person entitled thereto. It includes proceeds from the sale of abandoned property, escheated and undistributed estates, stale-dated State warrants and unclaimed wages.

Intergovernmental - This fund accounts for resources that flow through State agencies to federal and local governments.

A & E Advances - This fund accounts for moneys advanced by other agencies to the Department of Administration's Architecture and Engineering (A & E) Division for minor capital projects. The capital outlay expenditures are recorded in the funds which advanced the money.

Uncleared Collections - This fund accounts for resources held pending distribution to other funds and local governments. Amounts due to other State funds have been recorded as a receivable and revenue in those funds.

Debt Collection - This fund accounts for amounts due to the State which have been written off as uncollectible by the receiving agency. The State Auditor's Office continues to attempt to collect amounts owing for a period of time after they are deemed uncollectible by the receiving agency.

Stock Estray - This fund accounts for the proceeds derived from the sale of stray animals.

Bondholders Payment Fund - This fund accounts for accumulated proceeds for payment to bondholders for unredeemed coupons attached to refunded bond issues.

STATE OF MONTANA
Combining Balance Sheet
Agency Funds
June 30, 1996
(Expressed in Thousands)

	INVESTMENT POOL	EMPLOYEES DEFERRED COMP.	LAND GRANT INTEREST	PERFORM. DEPOSITS	CENTRAL PAYROLL	WORKERS' COMP SECURITIES	CUSTODIAL ACCOUNTS	UNISSUED WARRANTS
ASSETS:								
Cash/Cash Equivalents	\$ 544,684	\$ 1	\$ 1	\$ 21,409	\$ 213	\$ -	\$ 1,531	\$ 1,229
Receivables (Net)	61,727	-	-	-	-	-	-	585
Due from Other Governments	-	-	-	-	-	-	-	-
Due from Component Units	-	78	-	-	985	-	-	-
Due from Other Funds	-	-	-	4	22,541	-	15	81
Advances to Other Funds	-	-	-	60	-	-	-	-
Equity in Pooled Investments	120,180	-	-	-	-	-	-	-
Investments	-	122,528	-	-	-	-	-	-
Other Assets	-	-	-	5,862	-	1,768	-	-
TOTAL ASSETS	\$ 726,591	\$ 122,607	\$ 1	\$ 27,335	\$ 23,739	\$ 1,768	\$ 1,546	\$ 1,895
LIABILITIES:								
Accounts Payable	\$ 9,940	\$ -	\$ -	\$ 183	\$ 332	\$ -	\$ 32	\$ -
Interfund Loans Payable	1,012	-	-	-	-	-	-	-
Due to Other Governments	299,714	-	-	-	-	-	-	-
Due to Component Units	-	-	1	9	-	-	-	-
Due to Other Funds	-	-	-	582	92	-	309	1,895
Property Held in Trust	415,925	122,607	-	23,352	23,314	1,768	1,205	-
Other Liabilities	-	-	-	3,209	1	-	-	-
TOTAL LIABILITIES	\$ 726,591	\$ 122,607	\$ 1	\$ 27,335	\$ 23,739	\$ 1,768	\$ 1,546	\$ 1,895

	CHILD SUPPORT COLLECTIONS	UNCLAIMED PROPERTY	INTER- GOVERNMENTAL	A & E ADVANCES	UNCLEARED COLLECTIONS	DEBT COLLECTION	BONDHOLDERS PAYMENT FUND	TOTALS
\$	891	\$ 9	\$ 12,822	\$ 1	\$ 797	\$ 610	19	\$ 584,217
	204	-	8,124	-	-	-	-	70,640
	-	-	-	-	-	-	-	-
	6	-	-	-	6	-	-	1,075
	98	3	20	-	14	1	-	22,777
	-	-	-	-	-	-	-	60
	-	-	-	-	-	-	-	120,180
	-	-	-	-	-	-	-	122,528
	-	-	3,142	-	-	-	-	10,772
<u>\$</u>	<u>1,199</u>	<u>\$ 12</u>	<u>\$ 24,108</u>	<u>\$ 1</u>	<u>\$ 817</u>	<u>\$ 611</u>	<u>19</u>	<u>\$ 932,249</u>
\$	111	\$ 3	\$ 14,973	-	\$ 1	\$ 125	-	\$ 25,700
	-	-	-	-	-	-	-	1,012
	-	-	441	-	-	-	-	300,155
	-	-	-	-	-	18	-	28
	1,079	-	20	-	727	242	-	4,946
	9	9	8,674	1	46	226	19	597,155
	-	-	-	-	43	-	-	3,253
<u>\$</u>	<u>1,199</u>	<u>\$ 12</u>	<u>\$ 24,108</u>	<u>\$ 1</u>	<u>\$ 817</u>	<u>\$ 611</u>	<u>19</u>	<u>\$ 932,249</u>

STATE OF MONTANA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

FUND	BALANCE June 30, 1995	Additions	Deductions	BALANCE June 30, 1996
INVESTMENT POOL:				
ASSETS				
Cash/Cash Equivalents	\$ 291,776	\$ 31,547,472	\$ 31,294,564	\$ 544,684
Receivables (Net)	56,042	282,940	277,255	61,727
Equity in Pooled Investments	195,007	5,673,670	5,748,497	120,180
Investments	-	29,056,461	29,056,461	-
Total Assets	\$ 542,825	\$ 66,560,543	\$ 66,376,777	\$ 726,591
LIABILITIES				
Accounts Payable	\$ 3,805	\$ 10,620	\$ 4,485	\$ 9,940
Interfund Loans Payable	-	1,012	-	1,012
Due to Other Governments	204,614	598,410	503,310	299,714
Property Held in Trust	334,406	8,771,711	8,690,192	415,925
Total Liabilities	\$ 542,825	\$ 9,381,753	\$ 9,197,987	\$ 726,591
EMPLOYEES DEFERRED COMP.:				
ASSETS				
Cash/Cash Equivalents	\$ 3	\$ 8,606	\$ 8,608	\$ 1
Due from Other Funds	-	157	157	-
Due from Component Units	79	78	79	78
Investments	110,586	13,632	1,690	122,528
Total Assets	\$ 110,668	\$ 22,473	\$ 10,534	\$ 122,607
LIABILITIES				
Property Held in Trust	\$ 110,668	\$ 12,806	\$ 867	\$ 122,607
Total Liabilities	\$ 110,668	\$ 12,806	\$ 867	\$ 122,607
LAND GRANT INTEREST:				
ASSETS				
Cash/Cash Equivalents	\$ 18	\$ 19	\$ 36	\$ 1
Total Assets	\$ 18	\$ 19	\$ 36	\$ 1
LIABILITIES				
Due to Other Funds	\$ 17	\$ 3	\$ 20	\$ -
Due to Component Units	1	1	1	1
Total Liabilities	\$ 18	\$ 4	\$ 21	\$ 1
PERFORM. DEPOSITS:				
ASSETS				
Cash/Cash Equivalents	\$ 18,334	\$ 42,326	\$ 39,251	\$ 21,409
Receivables (Net)	77	6	83	-
Interfund Loans Receivable	-	800	800	-
Due from Other Funds	-	4	-	4
Advances To Other Funds	90	120	150	60
Other Assets	4,554	3,222	1,914	5,862
Total Assets	\$ 23,055	\$ 46,478	\$ 42,198	\$ 27,335
LIABILITIES				
Accounts Payable	\$ 203	\$ 273	\$ 293	\$ 183
Due to Other Funds	221	591	230	582
Due to Component Units	-	9	-	9
Property Held in Trust	18,781	13,919	9,348	23,352
Other Liabilities	3,850	12,935	13,576	3,209
Total Liabilities	\$ 23,055	\$ 27,727	\$ 23,447	\$ 27,335

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Changes in Assets and Liabilities - Continued
Agency Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

FUND	BALANCE June 30, 1995	Additions	Deductions	BALANCE June 30, 1996
CENTRAL PAYROLL:				
ASSETS				
Cash/Cash Equivalents	\$ 215	\$ 391,416	\$ 391,418	\$ 213
Due from Other Funds	21,430	24,648	23,537	22,541
Due from Component Units	988	985	988	985
Total Assets	\$ 22,633	\$ 417,049	\$ 415,943	\$ 23,739
LIABILITIES				
Accounts Payable	\$ -	\$ 332	\$ -	\$ 332
Due to Other Funds	-	219	127	92
Property Held in Trust	22,623	392,542	391,851	23,314
Other Liabilities	10	42	51	1
Total Liabilities	\$ 22,633	\$ 393,135	\$ 392,029	\$ 23,739
WORKERS' COMP. SECURITIES:				
ASSETS				
Other Assets	\$ 2,253	-	485	1,768
Total Assets	\$ 2,253	-	485	1,768
LIABILITIES				
Property Held in Trust	\$ 2,253	-	485	1,768
Total Liabilities	\$ 2,253	-	485	1,768
CUSTODIAL ACCOUNTS:				
ASSETS				
Cash/Cash Equivalents	\$ 1,557	\$ 5,716	\$ 5,742	\$ 1,531
Receivables (Net)	72	74	146	-
Due from Other Funds	41	15	41	15
Total Assets	\$ 1,670	\$ 5,805	\$ 5,929	\$ 1,546
LIABILITIES				
Accounts Payable	\$ 88	\$ 32	\$ 88	\$ 32
Due to Other Funds	-	313	4	309
Property Held in Trust	1,582	6,482	6,859	1,205
Total Liabilities	\$ 1,670	\$ 6,827	\$ 6,951	\$ 1,546
UNISSUED WARRANTS:				
ASSETS				
Cash/Cash Equivalents	\$ 17,966	\$ 2,440,935	\$ 2,457,672	\$ 1,229
Receivables (Net)	-	114,765	114,180	585
Due from Other Funds	70	80	69	81
Total Assets	\$ 18,036	\$ 2,555,780	\$ 2,571,921	\$ 1,895
LIABILITIES				
Due to Other Funds	\$ 1,777	\$ 1,895	\$ 1,777	\$ 1,895
Property Held in Trust	16,259	2,477,361	2,493,620	-
Other Liabilities	-	30,298	30,298	-
Total Liabilities	\$ 18,036	\$ 2,509,554	\$ 2,525,695	\$ 1,895
CHILD SUPPORT COLLECTIONS:				
ASSETS				
Cash/Cash Equivalents	\$ 1,330	\$ 80,958	\$ 81,397	\$ 891
Receivables (Net)	394	246	436	204
Due from Other Funds	228	123	253	98
Due from Component Units	5	6	5	6
Total Assets	\$ 1,957	\$ 81,333	\$ 82,091	\$ 1,199
LIABILITIES				
Accounts Payable	\$ 525	\$ 489	\$ 903	\$ 111
Due to Other Funds	849	1,093	863	1,079
Property Held in Trust	583	9	583	9
Total Liabilities	\$ 1,957	\$ 1,591	\$ 2,349	\$ 1,199

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Changes in Assets and Liabilities - Continued
Agency Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

FUND	BALANCE June 30, 1995	Additions	Deductions	BALANCE June 30, 1996
UNCLAIMED PROPERTY:				
ASSETS				
Cash/Cash Equivalents	\$ 35	\$ 106	\$ 132	9
Due From Other Funds	-	3	-	3
Total Assets	\$ 35	\$ 109	\$ 132	12
LIABILITIES				
Accounts Payable	\$ -	\$ 3	\$ -	3
Property Held in Trust	35	93	119	9
Total Liabilities	\$ 35	\$ 96	\$ 119	12
INTERGOVERNMENTAL:				
ASSETS				
Cash/Cash Equivalents	\$ 3,481	\$ 179,319	\$ 169,978	12,822
Receivables (Net)	3	10,348	2,227	8,124
Due from Other Governments	52	-	52	-
Due from Other Funds	1	28	9	20
Other Assets	-	3,152	10	3,142
Total Assets	\$ 3,537	\$ 192,847	\$ 172,276	24,108
LIABILITIES				
Accounts Payable	\$ 42	\$ 14,979	\$ 48	14,973
Interfund Loans Payable	2,700	-	2,700	-
Due to Other Governments	410	31	-	441
Due to Other Funds	10	28	18	20
Property Held in Trust	375	11,969	3,670	8,674
Total Liabilities	\$ 3,537	\$ 27,007	\$ 6,436	24,108
A & E ADVANCES:				
ASSETS				
Cash/Cash Equivalents	\$ 7	\$ 124	\$ 130	1
Total Assets	\$ 7	\$ 124	\$ 130	1
LIABILITIES				
Accounts Payable	\$ 1	\$ -	\$ 1	-
Property Held in Trust	6	124	129	1
Total Liabilities	\$ 7	\$ 124	\$ 130	1
UNCLEARED COLLECTIONS:				
ASSETS				
Cash/Cash Equivalents	\$ 468	\$ 83,096	\$ 82,767	797
Receivables	-	22,888	22,888	-
Due from Other Funds	24	13,165	13,175	14
Due from Component Units	1	6	1	6
Total Assets	\$ 493	\$ 119,155	\$ 118,831	817
LIABILITIES				
Accounts Payable	\$ 9	\$ 16,055	\$ 16,063	1
Due to Other Funds	68	19,852	19,193	727
Due to Component Units	1	-	1	-
Property Held in Trust	408	20,441	20,803	46
Other Liabilities	7	72,118	72,082	43
Total Liabilities	\$ 493	\$ 128,466	\$ 128,142	817

(Continued on Next Page)

STATE OF MONTANA
Combining Statement of Changes in Assets and Liabilities - Continued
Agency Funds
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

FUND	BALANCE June 30, 1995	Additions	Deductions	BALANCE June 30, 1996
DEBT COLLECTION:				
ASSETS				
Cash/Cash Equivalents	\$ 201	\$ 3,237	\$ 2,828	\$ 610
Due from Other Funds	1	9	9	1
Due from Component Units	1	-	1	-
Total Assets	\$ 203	\$ 3,246	\$ 2,838	\$ 611
LIABILITIES				
Accounts Payable	\$ 3	\$ 125	\$ 3	\$ 125
Due to Other Funds	81	279	118	242
Due to Component Units	12	18	12	18
Property Held in Trust	107	3,027	2,908	226
Total Liabilities	\$ 203	\$ 3,449	\$ 3,041	\$ 611
STOCK ESTRAY:				
ASSETS				
Cash/Cash Equivalents	\$ 62	\$ 182	\$ 244	\$ -
Total Assets	\$ 62	\$ 182	\$ 244	\$ -
LIABILITIES				
Accounts Payable	\$ 1	\$ -	\$ 1	\$ -
Property Held in Trust	61	182	243	-
Total Liabilities	\$ 62	\$ 182	\$ 244	\$ -
BONDHOLDERS PAYMENT:				
ASSETS				
Cash/Cash Equivalents	\$ 19	\$ -	\$ -	\$ 19
Total Assets	\$ 19	\$ -	\$ -	\$ 19
LIABILITIES				
Property Held in Trust	\$ 19	\$ -	\$ -	\$ 19
Total Liabilities	\$ 19	\$ -	\$ -	\$ 19
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash/Cash Equivalents	\$ 335,472	\$ 34,783,512	\$ 34,534,767	\$ 584,217
Receivables (Net)	56,588	431,267	417,215	70,640
Interfund Loan Receivable	-	800	800	-
Due from Other Governments	52	-	52	-
Due from Other Funds	21,795	38,232	37,250	22,777
Due from Component Units	1,074	1,075	1,074	1,075
Advances to Other Funds	90	120	150	60
Equity in Pooled Investments	195,007	5,673,670	5,748,497	120,180
Investments	110,586	29,070,093	29,058,151	122,528
Other Assets	6,807	6,374	2,409	10,772
TOTAL ASSETS	\$ 727,471	\$ 70,005,143	\$ 69,800,365	\$ 932,249
LIABILITIES				
Accounts Payable	\$ 4,677	\$ 42,908	\$ 21,885	\$ 25,700
Interfund Loans Payable	2,700	1,012	2,700	1,012
Due to Other Governments	205,024	598,441	503,310	300,155
Due to Other Funds	3,023	24,273	22,350	4,946
Due to Component Units	14	28	14	28
Property Held in Trust	508,166	11,710,666	11,621,677	597,155
Other Liabilities	3,867	115,393	116,007	3,253
TOTAL LIABILITIES	\$ 727,471	\$ 12,492,721	\$ 12,287,943	\$ 932,249

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for use in operations which are accounted for in governmental funds. These include all fixed assets except those of the Enterprise, Internal Service, Expendable Trust, Nonexpendable Trust, Pension Trust and Higher Education Funds.

STATE OF MONTANA
Schedule of General Fixed Assets by Source
June 30, 1996
(Expressed in Thousands)

General Fixed Assets:

Land	\$	59,073
Buildings/Other Improvements		293,362
Equipment		105,995
Other Fixed Assets		44,438
Construction in Progress		7,783
Total General Fixed Assets	\$	<u>510,651</u>

Investments in General Fixed Assets From:

General Fund Fixed Assets	\$	265,851
State Special Revenue Fund Fixed Assets		126,010
Federal Special Revenue Fund Fixed Assets		41,524
Capital Projects Fund Fixed Assets		26,184
Expendable Trust Fund Fixed Assets		382
Donated Fixed Assets		50,700
Total Investments in General Fixed Assets	\$	<u>510,651</u>

STATE OF MONTANA
Schedule of General Fixed Assets by Function and Activity
June 30, 1996
(Expressed in Thousands)

Function and Activity	Land	Buildings and Improvements	Equipment	Other Fixed Assets	Total
General Government					
Legislative	\$ -	\$ -	1,952	\$ -	1,952
Executive	2,694	39,692	6,115	111	48,612
Judicial	-	-	792	453	1,245
Total General Government	2,694	39,692	8,859	564	51,809
Public Safety/Corrections					
Law Enforcement	390	20,378	12,848	-	33,616
Corrections	2,077	38,317	6,097	4	46,495
Professional/Business Regulation	-	-	1,447	14	1,461
Safety	-	-	375	15	390
Total Public Safety/Corrections	2,467	58,695	20,767	33	81,962
Transportation	5,349	31,981	19,461	-	56,791
Health/Social Services					
Health/Environment	138	343	6,026	-	6,507
Social Serv/Welfare/Mentl Hlth	116	55,443	19,409	-	74,968
Veterans Affairs	33	190	95	-	318
Total Health/Social Services	287	55,976	25,530	-	81,793
Educational/Cultural					
Educational	2,900	78,966	5,718	1,670	89,254
Cultural	186	379	541	42,139	43,245
Total Educational/Cultural	3,086	79,345	6,259	43,809	132,499
Resource Development/Recreation					
Resource Development	-	-	8,904	-	8,904
Recreation	44,865	24,103	8,781	31	77,780
Agricultural	-	-	1,680	-	1,680
Total Resource Development/Recreation	44,865	24,103	19,365	31	88,364
Economic Development/Assistance	325	3,570	5,754	1	9,650
Total Fixed Assets Allocated to Functions	\$ 59,073	\$ 293,362	\$ 105,995	\$ 44,438	\$ 502,868
Construction in Progress					7,783
Total General Fixed Assets					\$ 510,651

STATE OF MONTANA
Schedule of Changes in General Fixed Assets by Function and Activity
For the Fiscal Year Ended June 30, 1996
(Expressed in Thousands)

Function and Activity	General Fixed Assets July 1, 1995	Additions	Deletions	General Fixed Assets June 30, 1996
General Government				
Legislative	\$ 1,923	\$ 583	\$ 554	\$ 1,952
Executive	48,334	870	592	48,612
Judicial	1,153	94	2	1,245
Total General Government	51,410	1,547	1,148	51,809
Public Safety/Corrections				
Law Enforcement	31,678	\$ 3,047	\$ 1,109	33,616
Corrections	33,091	\$ 13,521	\$ 117	46,495
Professional/Business Regulation	1,270	\$ 441	\$ 250	1,461
Safety	531	\$ 68	\$ 209	390
Total Public Safety/Corrections	66,570	17,077	1,685	81,962
Transportation	52,922	\$ 4,828	\$ 959	56,791
Health/Social Services				
Health/Environment	5,317	\$ 2,675	\$ 1,485	6,507
Social Services/Welfare/Mentl Hlth	63,870	\$ 21,064	\$ 9,966	74,968
Veterans Affairs	187	\$ 131	\$ -	318
Total Health/Social Services	69,374	23,870	11,451	81,793
Educational/Cultural				
Educational	15,801	\$ 78,316	\$ 4,863	89,254
Cultural	43,265	\$ 44	\$ 64	43,245
Total Educational/Cultural	59,066	78,360	4,927	132,499
Resource Development/Recreation				
Resource Development	60,423	\$ 938	\$ 52,457	8,904
Recreation	74,200	\$ 4,563	\$ 983	77,780
Agricultural	1,668	\$ 228	\$ 216	1,680
Total Resource Development/Recreation	136,291	5,729	53,656	88,364
Economic Development/Assistance	9,873	\$ 1,055	\$ 1,278	9,650
Construction in Progress	7,257	1,126	600	7,783
Total General Fixed Assets	\$ 452,763	\$ 133,592	\$ 75,704	\$ 510,651



Montana

Statistical and Economic Data

Financial presentations included in this section provide users with an historical perspective through detailed data on economic and social characteristics, financial trends and fiscal capacity of the State.



STATE OF MONTANA
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years
(Expressed in Thousands)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Licenses/Permits (1) \$	80,444 \$	62,574 \$	64,075 \$	55,229 \$	74,152 \$	82,744 \$	92,773 \$	98,852 \$	106,109 \$	110,043
Taxes (1)	578,509	715,724	725,748	776,368	864,057	850,916	1,003,849	1,026,025	1,080,529	997,874
Chrgs-Srvs./Fines/Forfts.	48,340	52,990	54,467	56,929	43,678	52,527	53,775	58,872	69,781	66,367
Investment Earnings	24,920	31,149	34,018	37,263	31,655	24,791	20,715	19,993	29,267	28,594
Sale-Doc./Mdse./Prop.	5,749	3,382	2,920	5,548	17,146	18,091	17,055	19,905	18,987	6,776
Rentals/Leases/Royalties	796	383	449	363	528	397	451	321	180	220
Contributions/Premiums	451	410	663	3,199	4,113	3,355	3,466	3,617	3,773	4,165
Grants/Contrts./Donations	6,254	5,936	4,649	8,473	7,004	3,611	3,682	7,782	8,448	9,232
Federal	413,923	427,381	445,402	451,107	532,244	585,047	667,468	684,001	714,629	880,300
Federal IDC Recoveries	3,296	1,747	1,880	1,790	1,823	1,738	1,817	2,344	2,602	1,685
Other Revenues	6,193	5,052	5,147	2,078	2,367	2,792	4,503	2,301	1,135	1,552
Totals	\$ 1,168,875	\$ 1,306,728	\$ 1,339,418	\$ 1,398,347	\$ 1,578,767	\$ 1,626,009	\$ 1,869,554	\$ 1,924,013	\$ 2,035,440	\$ 2,106,808

NOTE: (1) 1988 - A change in reporting the State's insurance premium tax resulted in an increase in Taxes with a corresponding decrease in Licenses/Permits.

STATE OF MONTANA
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years
(Expressed in Thousands)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
General Government (1) \$	51,054 \$	46,308 \$	52,065 \$	54,402 \$	111,570 \$	117,114 \$	117,691 \$	113,617 \$	140,573 \$	71,699
Public Safety/Corrections	58,140	66,366	72,616	80,804	87,121	100,864	105,870	110,026	118,668	119,221
Transportation	242,470	233,092	237,827	259,438	280,416	287,768	285,055	297,577	297,708	322,142
Health/Social Services	352,299	358,860	391,857	405,008	482,864	539,052	620,915	611,529	673,330	770,506
Education/Cultural	313,616	328,669	337,251	335,865	441,392	445,180	487,657	486,203	491,544	551,604
Resource Dev./Recreation	48,468	57,630	77,171	55,100	63,426	71,791	70,847	68,926	93,309	69,264
Economic Dev./Assistance	87,737	71,197	76,057	76,363	86,272	79,998	86,504	100,224	100,448	106,792
Debt Service:										
Principal Retirement	116,393	9,176	9,841	12,268	13,244	34,344	22,115	18,113	67,459	42,921
Interest/Fiscal Chrgs.	22,859	21,751	21,922	21,186	21,111	23,042	24,332	16,340	18,932	18,039
Capital Outlay	30,815	30,669	28,130	33,576	24,256	25,935	23,455	32,574	71,723	57,020
Totals	\$ 1,323,851	\$ 1,223,718	\$ 1,304,737	\$ 1,334,010	\$ 1,611,672	\$ 1,725,088	\$ 1,844,441	\$ 1,855,129	\$ 2,073,694	\$ 2,129,208

NOTE: (1) Fiscal year 1991 includes the first year of distribution to local governments of oil and gas severance taxes and a significant increase in the reimbursement to local governments for loss of property tax revenue associated with the reduction of class 8 property tax rates.

STATE OF MONTANA
PROPERTY TAX LEVIES AND COLLECTIONS (1)
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Tax Levy (a)	Total Tax Collections (b)	Percent of Total Tax Collections to Tax Levy
1987	\$ 15,656	\$ 15,665	100.1 %
1988	13,771	14,561	105.7
1989	11,641	13,423	115.3
1990	11,705	13,475	115.1
1991	68,418	69,490	101.6
1992	73,815	90,230	122.2
1993 (2)	172,568	221,426	128.3
1994	181,047	215,573	119.1
1995	186,648	218,614	117.1
1996	193,423	218,398	112.9

NOTES: (1) Property taxes are levied in one fiscal year and collected in subsequent fiscal years (i.e., the fiscal year column relates to the column "Total Tax Collections" only). The increase in fiscal year 1991 is due to the school equalization aid levy of 40 mills established by the 1989 Legislature.

(2) The significant increase in fiscal year 1993 is because county equalization revenues are sent directly to the State as of July 1, 1992.

SOURCES: (a) Montana Department of Revenue Reports to the Legislature
(b) Montana Statewide Budgeting and Accounting System

STATE OF MONTANA
TAXABLE AND MARKET (ASSESSED) VALUE OF PROPERTY (1)
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Taxable to Total Market (Assessed) Value
	Taxable Value	Assessed Value	Taxable Value	Assessed Value	Taxable Value	Assessed Value	
1987	\$ 1,677,107	\$ 23,505,493	\$ 323,638	\$ 3,880,354	\$ 2,000,745	\$ 27,385,847	7.3 %
1988	1,642,100	22,509,982	300,850	3,697,063	1,942,950	26,207,045	7.4
1989	1,598,881	23,120,074	308,523	3,799,252	1,907,404	26,919,326	7.1
1990	1,274,023	22,082,879	272,948	3,988,239	1,546,971	26,071,118	5.9
1991	1,303,834	23,534,838	291,388	4,248,460	1,595,222	27,783,298	5.7
1992	1,336,544	24,156,048	296,079	4,265,243	1,632,623	28,421,291	5.7
1993	1,430,246	26,492,508	301,701	4,401,371	1,731,947	30,893,879	5.6
1994	1,470,069	30,836,551	316,996	4,549,629	1,787,065	35,386,180	5.1
1995	1,512,074	31,712,386	326,263	4,674,861	1,838,337	36,387,247	5.1
1996	1,567,119	32,929,317	300,500	4,791,337	1,867,619	37,720,654	5.0

NOTE: (1) Taxable property in Montana must be assessed at 100% of its market value except mining property and agricultural lands. Mining property is assessed based on net and gross proceeds from mineral production. The assessment on agricultural land is based on productive capacity.

Taxable value is that against which the mill levy is applied. These values are arrived at by the appropriate ratios found in Montana's Classification Act to the assessed values (e.g., the taxable value of residential property is 3.86% of its assessed value).

The increase in Fiscal Year 1994 Assessed Value of Real Property was primarily due to the application of updated Agricultural Land valuation schedules.

SOURCE: Montana Department of Revenue Reports to the Legislature

**STATE OF MONTANA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$100 of Taxable Value)
Last Ten Fiscal Years**

Fiscal Year	State of Montana					Total
	Special Revenue Funds	Schools	Counties	Cities	Miscellaneous	
1986	.68	14.88	5.42	3.18	1.47	25.63
1987	.69	15.86	5.94	3.65	1.46	27.60
1988	.60	15.39	5.62	3.75	1.75	27.11
1989	.61	16.59	6.45	3.72	2.01	29.38
1990	4.35 (1)	16.19	6.93	4.66	2.33	34.46
1991 (2)	10.55	11.54	6.51	4.60	2.32	35.52
1992	10.58	11.87	6.70	4.60	2.32	36.07
1993	10.45	13.69	6.64	4.54	2.57	37.89
1994	10.44	14.74	6.86	4.50	2.85	39.40
1995	10.52	15.27	7.02	4.56	2.80	40.18

SOURCE: Department of Revenue Reports to the Legislature

NOTES: (1) The significant increase in 1990 is due to the school equalization aid levy of 40 mills established by the 1989 Legislature.

(2) The significant increase in 1991 is due to the change of the school equalization aid levy to 95 mills and State assumption of welfare established by the 1991 Legislature.

**STATE OF MONTANA
PROPERTY TAX MILL LEVY FOR STATE PURPOSES
Last Ten Levy Years**

This portion of the property tax levy was developed to provide a nondiscriminatory method of financing public education in Montana. The State has statutory authority to levy up to six mills for the support of the State's higher education system. The General Fund is responsible for making up any deficiencies in the equalization system. In addition, the Legislature is directed by law to levy at each legislative session a tax of up to two mills on all taxable property in the State to provide for any deficiencies in the General Fund.

Levy Year	Higher Education System	Vo-Tech Centers	Primary & Secondary Schools	Total Mill Levy
1987	6.00	1.50	45.00	52.50
1988	6.00	1.50	45.00	52.50
1989	6.00	1.50	45.00	52.50
1990	6.00	1.50	95.00	102.50
1991	6.00	1.50	95.00	102.50
1992	6.00	1.50	95.00	102.50
1993	6.00	1.50	95.00	102.50
1994	6.00	1.50	95.00	102.50
1995	6.00	1.50	95.00	102.50
1996	6.00	1.50	95.00	102.50

Each mill represents one dollar of tax levied on each thousand dollars worth of taxable property. The amount of property taxes needed for the year (net levy) is divided by the percentage determined collectible. This gross levy is then divided by the assessed valuation to arrive at the mill levy. The increase in the mill levy for 1990 was due to the 10 mill increase for primary and secondary schools and the state equalization aid levy of 40 mills established by the 1989 Legislature.

SOURCE: Montana Department of Revenue - Research and Information Division

STATE OF MONTANA
RATIO OF DIRECT STATE DEBT TO
ASSESSED VALUE AND DIRECT
STATE DEBT PER CAPITA
Last Ten Fiscal Years

(Expressed in Thousands)					Direct State Debt Per	
Fiscal Year	Population (3) (a)	Assessed Value (1) (4) (b)	Direct State Debt (2)	Assessed Value (%)	Capita	
1987	805	\$ 27,385,847	\$ 99,402	.36	123.48	
1988	800	26,207,045	91,542	.35	114.43	
1989	800	26,919,326	83,390	.31	104.24	
1990	800	26,071,118	78,110	.30	97.64	
1991	808	27,783,297	70,050	.25	86.70	
1992	823	28,421,291	60,140	.21	73.07	
1993	841	30,893,879	43,945	.14	52.25	
1994	856	35,386,179	66,070	.19	77.18	
1995	870	36,387,247	78,000	.21	89.66	
1996	N/A	37,720,655	69,620	.18	80.02	*

N/A - Data not available.

* Calculated using 1995 population data.

NOTES: (1) Beginning in 1988 the assessed value does not include exempt property.
(2) Includes only General Obligation Bonds.
(3) Numbers include revisions made by the U.S. Department of Commerce, Bureau of Economic Analysis for all prior years shown.
(4) The increase in fiscal year 1994 Assessed Value of Real Property is due primarily to the application of updated Agricultural Land valuation schedules.

SOURCES: (a) U.S. Department of Commerce, Bureau of Economic Analysis
(b) Montana Department of Revenue Reports to the Legislature

STATE OF MONTANA
RATIO OF ANNUAL DEBT SERVICE TO
TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Debt Service	Total General Expenditures	Ratio (%)
1987 (1)	139,252	1,323,851	10.52
1988	30,927	1,223,718	2.53
1989	31,763	1,304,737	2.43
1990	33,454	1,334,010	2.51
1991	34,355	1,611,671	2.13
1992	57,387	1,725,088	3.33
1993	46,447	1,844,441	2.52
1994	34,453	1,855,129	1.86
1995	86,391	2,073,694	4.17
1996	60,960	2,129,208	2.86

NOTE: (1) The Department of Transportation retired \$107.7 million of 1983 series bonds and 1985 BANS.

SOURCE: Montana Financial Reports 1987-1996

STATE OF MONTANA
REVENUE BOND COVERAGE
HIGHER EDUCATION
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
				Total	Coverage
1986 \$	44,595 \$	27,454 \$	17,141 \$	13,171	1.30
1987	34,803	25,635	9,168	6,300	1.46
1988	35,329	24,518	10,811	6,264	1.73
1989	37,611	27,900	9,711	7,060	1.38
1990	42,010	30,314	11,696	7,829	1.49
1991	45,314	33,707	11,607	7,240	1.60
1992	48,732	35,012	13,720	7,712	1.78
1993	45,695	32,322	13,373	6,983	1.92
1994	50,349	33,768	16,581	6,627	2.50
1995	51,592	35,450	16,142	7,865	2.05

SOURCE: Annual audit reports for each entity.

STATE OF MONTANA
REVENUE BOND COVERAGE
MONTANA BOARD OF HOUSING
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
				Total	Coverage
1987 \$	58,576 \$	2,851 \$	55,725 \$	52,580	1.06
1988	58,408	2,488	55,920	48,345	1.16
1989	56,834	1,644	55,190	49,777	1.11
1990	57,002	3,025	53,977	49,002	1.10
1991	58,050	2,613	55,437	50,314	1.10
1992	56,653	2,699	53,954	50,703	1.06
1993	50,604	2,631	47,973	47,113	1.02
1994	48,083	2,097	45,986	38,299	1.20
1995	38,971	2,128	36,843	31,511	1.17
1996	39,504	2,414	37,090	32,379	1.15

SOURCE: Montana Statewide Budgeting and Accounting System.

STATE OF MONTANA
REVENUE BOND COVERAGE
ECONOMIC DEVELOPMENT BONDS
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
				Total	Coverage
1987	\$ 3,247	\$ 256	\$ 2,991	\$ 2,985	1.00
1988	3,330	65	3,265	2,928	1.12
1989	4,195	95	4,100	2,941	1.39
1990	2,962	187	2,775	3,211	0.86
1991	3,477	186	3,291	4,041	0.81
1992	4,490	266	4,224	3,558	1.19
1993	3,177	188	2,989	3,221	0.93
1994	3,287	162	3,125	2,884	1.08
1995	3,107	172	2,935	2,940	1.00
1996	3,323	195	3,128	2,860	1.09

SOURCE: Montana Statewide Budgeting and Accounting System.

STATE OF MONTANA
REVENUE BOND COVERAGE
STATE COMPENSATION INSURANCE (OLD FUND)
Fiscal Years 1992-1996 (1)
(Expressed in Thousands)

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements	
				Total	Coverage
1992	\$ 16,007	\$ 43,228	\$ (27,221)	\$ 9,569	-2.84
1993	19,413	17,764	1,649	9,582	0.17
1994	41,990	40,120	1,870	10,438	0.18
1995	50,639	(17,519)	68,158	10,702	6.37
1996	47,509	(21,977)	69,486	8,977	7.74

NOTE: (1) Payroll tax bonds were issued July 15, 1991.

SOURCE: Montana Statewide Budgeting and Accounting System.

STATE OF MONTANA
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS (1)
Last Ten Fiscal Years
(Expressed in Thousands, except for number of permits)

Construction (a)					
Calendar Year	Residential		Commercial		
	Number of Permits Issued	Valuation*	Number of Permits Issued	Cost of Construction	Bank Deposits (b)
1986	1,153	57,348	321	24,383	7,825,147
1987	792	47,607	292	24,667	7,938,709
1988	777	52,557	247	14,692	7,993,685
1989	698	53,411	317	28,301	7,701,270
1990	791	87,142	286	59,556	7,959,440
1991	1,126	114,193	330	73,450	8,392,081
1992	1,825	169,267	361	96,598	8,518,003
1993	2,252	223,150	392	87,060	8,632,027
1994	2,179	220,753	443	125,567	8,911,559
1995	1,975	224,309	N/A	N/A	9,056,329

N/A - Data not available

Property (Assessed) Values (c)						
Fiscal Year	Agriculture (2)	Commercial/ Industrial	Personal/ Real (3)	Utilities	Other **	Total
1987	\$ 2,375,066	\$ 5,172,038	\$ 14,813,180	\$ 4,337,965	\$ 687,598	\$ 27,385,847
1988	2,435,526	5,178,163	13,863,293	3,910,515	819,548	26,207,045
1989	2,458,942	5,176,030	14,086,791	4,280,347	917,216	26,919,326
1990	2,498,949	4,863,281	14,644,470	3,696,089	368,329	26,071,118
1991	2,549,181	4,913,732	15,557,151	4,347,227	416,006	27,783,297
1992	2,591,978	4,995,511	15,975,557	4,488,297	369,947	28,421,291
1993	2,574,254	5,647,162	17,683,533	4,631,563	357,367	30,893,879
1994	4,494,808	5,616,507	20,193,046	4,755,568	326,251	35,386,180
1995	4,414,591	5,830,273	20,944,164	4,886,362	311,857	36,387,247
1996	4,523,548	6,032,812	21,541,079	5,212,178	411,037	37,720,654

** Other property includes mining, coal and miscellaneous.

NOTES: (1) Nontaxable property value information is not available.
Construction data is reported on a calendar year basis.
Bank deposits are the aggregate of State Banks and Trust Companies, National Banks, Savings and Loans and Credit Unions.
(2) The increase in Fiscal Year 1994 Assessed Value of Agricultural Property is due primarily to the application of updated Agricultural Land valuation schedules.
(3) For 1993 and prior years, farmstead property (ranch/farm houses) is included as Agricultural property. For 1994, farmstead property is included as Personal/Real property.

SOURCES: (a) U.S. Department of Commerce - Bureau of the Census
(b) Montana Department of Commerce - State Banks and Trust Companies, National Banks and Credit Unions
Federal Home Loan Bank of Seattle - Savings and Loans
(c) Montana Department of Revenue Reports to the Legislature

**STATE OF MONTANA
INCOME DATA
Last Ten Calendar Years**

**Total Personal Income (2)
(Millions)**

Year	Montana		Rocky Mountain Region(1)		United States	
	Amount	%	Amount	%	Amount	%
		Increase		Increase		Increase
1986	9,775		95,379		3,579,783	
1987	10,052	2.8	98,547	3.3	3,789,297	5.9
1988	10,269	2.2	104,451	6.0	4,061,806	7.2
1989	11,316	10.2	113,279	8.5	4,366,135	7.5
1990	11,789	4.2	121,418	7.2	4,655,420	6.6
1991	12,749	8.1	130,140	7.2	4,841,078	4.0
1992	13,624	6.9	139,901	7.5	5,137,875	6.1
1993	14,821	8.8	150,886	7.9	5,364,300	4.4
1994	15,258	2.9	160,170	6.2	5,649,010	5.3
1995	16,084	5.4	172,147	7.5	5,987,536	6.0
Average Annual Rate of Growth						
		5.72 %			6.81 %	5.89 %

Per Capita Income (2)

Year	Montana		Rocky Mountain Region(1)		United States	
	Amount	%	Amount	%	Amount	%
		Increase		Increase		Increase
1986	12,011		13,246		14,906	
1987	12,485	3.9	13,675	3.2	15,638	4.9
1988	12,832	2.8	14,500	6.0	16,610	6.2
1989	14,152	10.3	15,659	8.0	17,690	6.5
1990	14,741	4.2	16,635	6.2	18,666	5.5
1991	15,772	7.0	17,487	5.1	19,201	2.9
1992	16,552	4.9	18,340	4.9	20,146	4.9
1993	17,624	6.5	19,259	5.0	20,809	3.3
1994	17,824	1.1	19,949	3.6	21,699	4.3
1995	18,482	3.7	20,964	5.1	22,788	5.0
Average Annual Rate of Growth						
		4.93 %			5.23 %	4.83 %

NOTES: (1) The Rocky Mountain Region includes Montana, Colorado, Idaho, Utah and Wyoming.

(2) Numbers include revisions made by the U.S. Department of Commerce, Bureau of Economic Analysis for prior years shown.

SOURCE: U.S. Department of Commerce - Bureau of Economic Analysis

STATE OF MONTANA
PUBLIC EDUCATION INSTITUTIONS
ENROLLMENT (1)
Last Ten Fiscal Years

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
TOTAL GRADES PRE-K-12 (a)	153,327	152,207	152,191	151,149	152,898	155,263	159,991	163,020	164,341	165,547
MONTANA UNIVERSITY SYSTEM (b)										
University of Montana	8,017	7,552	7,977	8,587	8,852	9,482	9,602	9,655	9,720	9,910
Montana State University	9,671	9,287	9,371	9,543	9,501	9,491	9,946	10,018	10,022	10,285
Montana Tech of the UM	1,573	1,582	1,546	1,499	1,612	1,694	1,728	1,763	1,660	1,679
Western Montana College of the UM	928	828	954	877	915	974	969	1,006	1,065	1,082
Montana State University -Billings	3,324	3,303	3,287	3,354	3,408	3,139	3,240	3,267	3,252	3,276
Montana State University - Northern	1,710	1,551	1,548	1,581	1,765	1,907	1,603	1,675	1,654	1,495
TOTAL UNIVERSITIES	25,223	24,103	24,683	25,441	26,053	26,687	27,088	27,384	27,373	27,727
COLLEGES OF TECHNOLOGY (b)										
College of Technology - Billings	446	398	356	334	280	291	453	427	414	436
Division of Technology - Butte	390	395	354	280	248	251	313	347	320	329
MSU College of Technology - GF	416	473	525	503	479	466	556	605	686	727
UM College of Technology - Helena	570	577	506	436	418	434	440	432	452	468
College of Technology - Missoula	507	487	482	446	454	435	551	573	630	629
TOTAL COLLEGES OF TECHNOLOGY	2,329	2,330	2,223	1,999	1,879	1,877	2,313	2,384	2,502	2,589

NOTE: (1) The University System and Colleges of Technology enrollment is based on fiscal year full-time equivalent enrollment.

SOURCES: (a) Montana Office of Public Instruction
(b) Montana Commissioner of Higher Education

STATE OF MONTANA
DEMOGRAPHIC STATISTICS
Last Ten Years

Fiscal Year	Population (1) (3) (a)	Per Capita Income (1) (3) (a)	Public School Enrollment Pre-K-12 (2) (b)	Montana University System Enrollment (2) (b)	Average Montana Unemployment Rate (c)	Average U.S. Unemployment Rate (c)	Average Civilian Labor Force (c)	Average Total Employment (c)	Average Unemployment (c)
1987	805,000	12,485	153,327	25,223	8.0	6.7	404,500	372,300	32,200
1988	800,000	12,832	152,207	24,103	8.1	5.8	404,420	371,620	32,800
1989	800,000	14,152	152,191	24,683	6.7	5.4	399,650	372,970	26,680
1990	800,000	14,743	151,149	25,441	5.5	5.3	408,025	385,608	22,430
1991	808,000	15,772	152,898	26,053	6.6	6.2	401,625	375,333	26,292
1992	824,000	16,552	155,263	26,687	6.7	7.4	408,125	379,292	28,833
1993	841,000	17,624	159,991	27,088	6.5	7.2	417,000	393,200	24,700
1994	856,000	17,824	163,020	29,768	4.1	6.0	445,100	426,100	19,000
1995	870,000	18,482	164,341	29,875	5.5	5.6	443,500	419,500	24,000
1996	N/A	N/A	165,547	30,316	5.3	5.3	456,600	432,900	23,700

N/A - Data not available

NOTES: (1) Based on calendar year.
(2) Based on academic year - includes public schools (pre-K-12) and State-owned universities and colleges.
(3) Numbers include revisions made by U.S. Department of Commerce, Bureau of Economic Analysis for prior years shown.

SOURCES: (a) U.S. Department of Commerce - Bureau of Economic Analysis
(b) Montana Office of Public Instruction - public schools
Montana Commissioner of Higher Education - universities and colleges
(c) Montana Department of Labor and Industry - Research Bureau

STATE OF MONTANA
EMPLOYMENT IN MONTANA INDUSTRIES (1)
(Thousands of Persons)
Last Ten Years

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Durable Goods	12.7	12.7	12.9	13.7	14.0	13.3	14.1	14.2	14.3	14.4
Non-Durable Goods	8.5	8.2	8.1	8.3	8.4	8.4	8.5	8.8	8.8	8.9
Mining	5.9	5.7	5.7	6.3	6.3	6.0	5.8	5.7	5.4	5.3
Contract Construction	10.3	8.8	8.6	9.7	10.4	11.2	13.4	13.7	15.2	16.2
Transportation	11.8	11.4	11.4	12.3	12.4	12.5	12.5	12.5	13.0	13.1
Communications/Utilities	8.6	8.1	8.2	7.7	7.7	7.8	7.6	7.8	7.8	7.7
Wholesale Trade	15.3	15.0	14.8	15.6	15.8	16.0	16.5	16.9	17.8	18.4
Retail Trade	57.2	57.6	57.9	62.0	62.6	65.1	68.8	70.3	75.0	77.9
Finance/Insurance/Real Estate	13.0	13.2	13.3	13.2	13.3	13.8	14.3	14.8	15.7	15.6
Medical/Health Services	21.9	23.1	23.1	24.7	26.0	26.4	27.7	28.8	30.7	31.2
Other Services	30.3	31.3	32.0	46.9	49.6	50.6	54.0	58.7	61.0	65.1
Federal Government	12.8	12.7	13.2	13.6	13.9	13.0	13.3	13.3	13.7	13.1
State Colleges/Universities	8.8	8.6	8.6	9.8	9.9	10.2	10.6	10.8	11.2	11.4
Other State Government	10.7	10.4	10.3	10.8	11.0	11.3	11.3	11.0	10.9	11.0
Local Education	22.9	22.8	22.8	22.7	22.7	23.2	24.4	25.3	25.6	26.3
Other Local Government	15.2	14.8	15.0	13.2	13.4	13.4	14.4	13.9	14.6	15.0
Total Non-Farm Wage/ Salary Jobs (2)	265.9	264.4	265.9	290.5	297.4	302.2	317.2	326.5	340.7	350.6

SOURCES: (1) Montana Department of Labor and Industry - Research and Analysis Bureau
(2) Establishment Data - a count of jobs by where people work

STATE OF MONTANA
MAJOR PRIVATE EMPLOYERS IN MONTANA *
(Listed Alphabetically)

1. Buttre Food & Drug Company (retail trade services)
2. Billings Deaconess Medical Center and Clinic (hospital/other health services)
3. Burlington Northern Sante Fe Railroad (transportation services)
4. K-Mart Corporation (retail trade services)
5. Montana Power Company (utility services, mining)
6. Plum Creek Timber and Manufacturing (wood products manufacturing)
7. Providence Services (hospital services)
8. United Staffing (temporary help services)
9. Washington Corporations (transportation services, mining, construction)
10. Wal-Mart Stores Incorporated (retail trade services)

SOURCE: Montana Department of Labor and Industry

** The three largest Montana employers are public: Montana State Government (18,382 employees), Montana Local Government units (36,893 employees) and the U.S. Government (13,218 employees). Information based on 1995 data.*

STATE OF MONTANA
(The Treasure State)
"Big Sky Country"
MISCELLANEOUS STATISTICS
June 30, 1996

Date of Statehood (1)	November 8, 1889 - 41st state
Form of Government (2)	Legislative-Executive-Judicial
Land Area - 4th largest state (1)	145, 392 square miles
Population Density (based on 1995 population)	6 persons per square mile
Miles of Paved Public Roads (3)	17,197
Higher Education (4):	
State-Owned Universities and Colleges	6
Colleges of Technology	5
Recreation (5):	
Number of State Parks	41
Number of Managed Sites (camping/fishing)	353
National Parks (Glacier and Yellowstone)	2
State Employees (full-time equivalent) (6)	15,029

SOURCES: (1) Official Montana 1994-95 Highway Map
(2) Montana Code Annotated
(3) Montana Department of Transportation
(4) Montana Commissioner of Higher Education
(5) Montana Department of Fish, Wildlife & Parks
(6) State of Montana Office of Budget and Program Planning